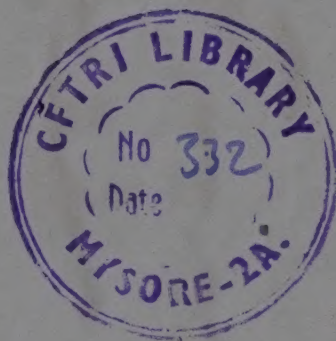
The background of the entire image is a dense, repeating pattern of stylized purple leaves and small white flowers on a dark purple background. The pattern is consistent across the entire surface.

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NCDC BULLETIN

APRIL & JUNE 1976



Liquid pesticides in tins in one of the Cooperative Pesticides Units

CHANGE OF OFFICE OF NCDC

The office of the National Cooperative Development Corporation has shifted to :

National Cooperative Development Corporation
Eros Apartments, 56, Nehru Place
NEW DELHI-110024

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EDITOR : **I. S. Bedi**

Views expressed in articles published are of the authors and not necessarily of the Corporation.

AGRICULTUARL COOPS. IN INDIA A PROFILE

K. Sundararajulu

COOPERATION was introduced in India mainly as a defensive organization for dealing with the problems of rural indebtedness. Cooperative Credit Societies came to be organised after the enactment of the Cooperative Credit Societies Act, 1904. For a long time since its inception, the impact of the cooperative movement on the rural economy was insignificant in the absence of any comprehensive plan for rural development. With the launching of the Five-Year Plans, 'Cooperation' came to occupy an important place in the national economic policy. The plans envisage Cooperation as a major form of organization in many branches of economic activity, particularly in the rural sector. The role of cooperatives in the planned economic development of the country has been succinctly defined in the Third Five Year Plan document in the following terms :

"In a planned economy pledged to the values of Socialism and Democracy, Cooperation should become progressively the principal basis of organization in many branches of economic life, notably in agriculture and minor irrigation small industries and processing, marketing distribution, supplies, rural electrification, housing and construction and the provision of essential amenities for local communities.

.....Thus, a rapidly growing cooperative sector with special emphasis on the needs of the peasant, worker and the consumer become a vital factor for social stability, for expansion of employment opportunities and for rapid economic development."

The late Prime Minister, Shri Jawaharlal Nehru, described the importance of cooperatives in India as follows :

“As for me, I am a cooperator, but in the economic structure of India, cooperation is not even a free choice ; it is a necessity.”

Systematic and integrated programmes for development of cooperatives in the fields of agricultural credit, marketing, processing of agricultural produce and supply of agricultural inputs were included and developed in the Second and subsequent Five Year Plans on the recommendations of the All India Rural Credit Survey Committee (1954), which not only advocated, also formulated in great detail an integrated approach to cooperative development including credit, marketing, processing and storage in the rural sector. The basic principles of what is known as Integrated Scheme of Rural Credit, suggested by that Committee are—First, the state should participate in the share-capital of various types of cooperatives at different levels to provide the initial momentum and strength to cooperatives. Secondly, credit alone is not an ‘open sesame’, but an important instrument of development which should be an integral part of overall programme of marketing, processing and other allied economic activities. In other words, marketing and processing and other economic activities should be developed in the cooperative sector both for providing the cultivator with better return for his produce and also to facilitate recovery of loans distributed by credit societies and thus provide support to the expanding volume of cooperative credit for agricultural production. Thirdly, the operational efficiency of the cooperatives should be improved by appointing adequately trained and efficient personnel, responsive to the needs of the rural people. The Industrial Policy Resolution of the Government of India, adopted in 1956, also stressed that the principle of Cooperation should be applied wherever possible and steadily increasing proportion of the activities of the private sector developed on cooperative lines. This gave a new fillip to the development of industrial cooperatives. A significant feature of cooperative development under the Plans is the extension of state support—financial, policy and administrative—which

have helped in accelerating the pace of cooperative development in recent years.

General Record of Performance

The followings figures reflect the impressive record of performance of the cooperative movement since the beginning of the First Five Year Plan in 1951 :

	1950-51	1960-61	1968-69	1972-73
1. No. of societies (000s)	180	330	330	330
2. Membership (in millions)	13.7	34.2	58.5	67.8
3. Share capital (Rs. in millions)	450	2,220	6,630	10,510
4. Working capital (Rs. in millions)	2,760	13,120	44,730	85,850

Cooperatives underpin Agricultural Development

Cooperatives constitute a major plank in the overall strategy of agricultural and rural development. There are nearly 330,000 cooperatives in the country; of these, about 65 per cent are meant for servicing agriculture. There are cooperatives for provision of credit and supply of inputs, farming, dairy and poultry, processing and marketing of agricultural produce. Cooperative credit institutions provide short-term loans for production purposes and also medium and long-term loans for developmental purposes like land development, sinking of wells, purchase of machinery etc. The cooperative marketing societies made available to farms through primary cooperative credit societies, inputs like seed, fertilisers and farm implements as also consumer articles. They also undertake processing and marketing of agricultural produce to ensure better price to the farmers for their produce. Processing units requiring large capital like sugar or spinning mills, have been organised as independent cooperatives. A healthy trend in recent years is the establish-

ment of federal cooperative institution at the national level for various activities in the co-operative sector—agricultural marketing, consumers etc.

Cooperative Agricultural Credit

There are two separate cooperative agencies for provision of agricultural credit—one for short and medium-term credit and other for long-term credit. The former has a three-tier structure consisting of State Cooperative Bank at the state level, Central Cooperative Bank at the district level and Primary Agricultural Credit Societies—generally known as Service Cooperatives—at the village level. At the end of June, 1974 there were nearly 154,000 service societies in the country with a membership of over 36 million and covering 95 per cent of the villages and 42 per cent of the rural population. These societies affiliated to 341 district central cooperative banks, which in turn are affiliated to 26 state cooperative banks.

The service cooperative society is the king-pin of the agricultural cooperative movement. It is the society which deals directly with individual farmers, provides medium and short-term credit, supplies agricultural inputs, distributes consumer articles and also arranges for the marketing of produce of its members through a cooperative marketing society. For its requirement of credit, a service society is linked to a central cooperative bank. For obtaining inputs like fertilisers, consumer goods and also for marketing of agricultural produce of its members, it is linked to a marketing cooperative.

For providing developmental finances for agriculture, there is a long-term credit structure consisting generally of primary cooperative land development banks, of which individual agriculturists are members and cooperative central land development bank at the state level. In some states, central cooperative land development bank has a unitary structure and operates through its branches. There are 19 central cooperative land development banks in the country with about 1,442 primaries/branches.

Cooperatives now constitute the major institutional agency for provision of credit to farmers.

The following figures reflect the rapid expansion of cooperative credit during recent years :

	Rs. in million	
	Short and medium term by primary credit societies	Long-term by land development banks
1960-61	2,028	116
1968-69	5,040	1,480
1973-74	7,600	1,580
1974-75 (estimated)	8,540	1,850

The share of cooperatives in the total credit obtained by the rural families in the country increased from 3 per cent in 1950-51 to 17 per cent in 1961-62 and to 33 per cent in 1967-68. By 1978-79, the cooperatives are expected to meet about 43 per cent of the short-term credit requirements of the farmers. In respect of term loans, cooperatives are expected to disburse about Rs. 18,250 million during the entire Fifth Plan period.

Cooperative Marketing

Marketing cooperatives as well as processing cooperatives undertake marketing of agricultural produce. The cooperative marketing structure in India consists of 3,300 primary marketing cooperatives, covering all important agricultural markets in the country, 22 state cooperative marketing federations and one national cooperative marketing federation. The value of agricultural produce handled by cooperatives increased from Rs. 1,750 million in 1960-61 to Rs. 5,800 million in 1968-69 and to over Rs. 12,000 million in 1974-75.

A significant role has been assigned under the state policies to cooperatives in the marketing of foodgrains. The value of foodgrains handled by cooperatives increased from about Rs. 2,200 million in 1968-69 to about Rs. 4,000 million in 1974-75. The cooperative marketing system is one of the

major sources of supply of foodgrains to the public distribution system in the country, and its activities are being closely coordinated with those of public sector organisations like the Food Corporation of India. Cooperative marketing is being increasingly extended to crops like cotton, jute etc. The marketing operations of cooperatives in cotton and jute are also supported by the public sector Cotton Corporation of India and the Jute Corporation of India, respectively.

The National Agricultural Cooperative Marketing Federation and some of the state cooperative marketing federations are undertaking export of agricultural produce. During 1974-75, the total export of agricultural produce handled by cooperatives was of the order of Rs. 680 million. The commodities exported included pulses, onions, spices, potatoes, sugar, coffee, etc.

Cooperative Processing and Storage

Cooperative processing of agricultural produce, besides helping the farmers to obtain a better price for the produce, also helps in the development of agro-based industries in rural areas. So far, over 1,585 agricultural processing units have been installed in the cooperative sector. Of the units so far organised, over 235 units could be classified as large and medium-sized agricultural industries like sugar factories, spinning mills, distilleries, solvent extraction plants and vanaspati factories. Since the last few years, the number of such units has been increasing as a result of the policy to integrate primary processing with secondary and tertiary states of processing.

In the field of processing of agricultural produce, substantial progress has been recorded by cooperative sugar factories. During the sugar season 1974-75, 97 cooperative sugar factories were in production, accounting for over 2 million tonnes of sugar, which constitute nearly 44 per cent of the total production of sugar in the country. These cooperative sugar factories have generated new confidence in the rural people and have also set the pace for rural industrialisation in their areas. Now individual complexes are springing around these cooperative sugar factories.

Another important feature of the working of these cooperative sugar factories is the mobilization of large internal resources by them. Normally, the members of a cooperative sugar factory subscribe initially about 10 to 15 per cent of the capital cost and the rest is found partly by way of government-contribution to the share capital and largely by way of term loans from IFC etc. The scheme of cooperative sugar factories envisages that the cooperatives will repay the loans etc. from out of additional share-capital and deposits collected from members from the cane price and also from out of operational surpluses. This scheme has worked well. As on 30th June, 1975, the total value of fixed assets was over Rs. 267 crores; of this, the share capital contributed by the state governments was nearly Rs. 30 crores and long-term loans outstanding were of the order of Rs. 54 crores. In other words, the share of internal resources of the cooperatives in the total fixed assets was nearly 68 per cent.

Cooperatives have also done well in the field of cotton ginning and pressing. They handle nearly 15 per cent of the total cotton production in the country. In paddy and oil seeds, the installed capacity of cooperative processing units is estimated at about 12 per cent and 8 per cent respectively of the total installed capacity of such units in the country.

Supply of Agricultural Inputs

The marketing and the service cooperatives are playing a significant role in the distribution of agricultural inputs. Cooperatives have developed a network of over 45,600 retail outlets for distribution of fertilisers. Over 60 per cent of the fertilisers used in the country are distributed by cooperatives. The value of fertilisers handled by cooperatives during the year 1974-75 was of the order of Rs. 6,200 million as against Rs. 320 million in 1961-62. The value of seeds, pesticides, implements and other agricultural requisites distributed by cooperatives during 1974-75 is estimated at Rs. 750 millions.

Cooperative Fertiliser Project

In recent years, cooperatives have entered

sophisticated fields of production including production of fertilisers. The Indian Farmers Fertilisers Cooperative has set up an ammonia plant in Kalol in Gujarat with a designed output per annum of 396,000 tonnes and a NPK plant at Kandla in Gujarat with a capacity of 375,000 tonnes. These plants involving a capital cost of nearly Rs. 980 million, have already gone into production. IFFCO is also setting up another nitrogenous fertiliser plant in Uttar Pradesh, with a capacity of 1,200 tonnes per day of ammonia and 2,000 tonnes per day of urea, at a capital cost of Rs. 1,850 million. Another cooperative fertiliser factory is being set up in Maharashtra.

Cooperatives for Weaker Sections

A major thrust of effort in cooperative development programmes is to reach the benefits of cooperative activities to the more vulnerable sections of the community. This involves a two-fold strategy of orienting cooperative economic programmes like agricultural credit and marketing to benefit these sections of the community, and also of designing special cooperative programmes directed to increasing employment and income opportunities to different sections of the community like small and marginal farmers, fishermen, etc. Functional cooperatives for activities like dairy farming, fishery, etc., which are generally undertaken by the weaker sections, are being promoted.

Dairy Cooperatives

Cooperatives are playing an increasingly important role in dairy development. The total number of dairy plants in operation is 168; of these, 41 are in the cooperative sector. In many states, cooperatives constitute a major source of supply of milk to public sector dairy plants also. As on 30th June 1975, there were nearly 19,367 primary dairy cooperatives which handled milk and milk products valued at Rs. 870 million.

Fishery Cooperatives

The organisational structure of fishery cooperatives normally consists of primary fishery cooperatives at the base of which individual fishermen are members. A superstructure of federation of

primary fishery cooperatives has also been built up. This consists of district/central federations and state-level federations. On 30 June, 1975, there were nearly 4,600 primary fishermen cooperatives with membership of 486,000. The total value of fish handled by these primaries during 1974-75 was of the order of Rs. 48 million.

Attempts are being made to develop cooperative fishery programme on a project basis. The main features of this project approach are intensification of fish production through introduction of mechanised boats, supply of mechanised boats on credit to groups of members of cooperatives, supply of oil, nets and other requisites to the fishermen, provision of common facilities and services like boat-building yards, ice plants, cold storage, canning plants, transport vehicles and marketing of fish and fish products and recovery of loans from the price of fish payable to members. 17 such integrated projects are being implemented with financial assistance from the Agricultural Refinance Development Corporation.

External Support to Cooperatives

The Reserve bank of India, the public sector financing institutions including the nationalised banking sector, the public sector industrial and commercial organizations and the National Cooperative Development Corporation provide substantial support to cooperative organisations. The central and the state governments provide legislative policy, financial and administrative support to the cooperatives.

Reserve Bank of India

The Reserve Bank of India is a major source of finance to cooperatives for financing the farmers for seasonal agricultural operations and also, to some extent, marketing of agricultural produce. Borrowing of the cooperatives outstanding to the Reserve Bank of India, as on 30th June, 1974, was of the order of Rs. 2,365 million, which accounted for nearly 22 per cent of the total amount of Rs. 10,550 million outstanding against the members of the primary agricultural credit cooperatives; the remaining amount was found by the cooperatives from their share capital, reserve and other funds,

and through deposits from members and the public. For seasonal agricultural operations, the Reserve Bank of India provides finances at 2 per cent below the Bank Rate. The Reserve Bank of India has also instituted a fund called National Agricultural Credit (Long-Term Operations) Fund for providing loan assistance to state governments to enable them to contribute to the share capital of cooperative credit institutions. The total amount to the credit of this Fund is of the order of Rs. 2,840 million. The Reserve Bank has also instituted the National Agricultural Credit (Stabilization) Fund for conversion of short-term agricultural loans of cooperatives into medium-term loans in areas affected by natural calamities. The amount to the credit of this Fund is of the order of Rs. 950 million. To advise the state and the central government and to provide constructive supervision over cooperative credit institutions, the Reserve Bank of India has an Agricultural Credit Department with expert staff.

Agricultural Refinance Development Corporation

The Agricultural Refinance Development Corporation was established in 1963 by a statute of the Parliament. Its main object is to provide long-term development finance for Agriculture. It provides assistance for schemes drawn up on project basis for specific areas for agricultural development. Upto 30th June, 1975, 2,053 schemes of agricultural development involving a financial outlay of Rs. 10,072 million were sanctioned by the Corporation, of which its committed assistance was Rs. 8,773 million. Each scheme is to be implemented over a period, generally, of 2-3 years. The total drawals from A.R.D.C. on 30th June, 1975, was Rs. 4,230 million. The A.R.D.C. is a refinancing institution and its principal borrowers are cooperatives, which account for nearly 74 per cent of the total loan commitment of the Corporation. The Corporation is also attracting IDA/World Bank assistance for the schemes financed by it. The amount of reimbursement from IDA/IBRD through the Government of India as on 30th June, 1975, was Rs. 1,170 million.

Financing Institutions for Industries

Some of the bigger cooperative manufacturing

and processing units such as cooperative sugar factories, cooperative spinning mills etc., receive term loans towards their block capital from the specialised financing institutions set up by government for promoting industrial development. Among these may be mentioned the Industrial Finance Corporation, the Industrial Development Bank and the State Finance Corporation. The Industrial Finance Corporation has played a commendable role in financing the sugar cooperatives in the country. In fact, a major factor that contributed to the rapid development of cooperative sugar factories in the country is the arrangement made with the I.F.C. for financing the block capital requirements of these cooperatives. Upto the end of June, 1975, the Industrial Finance Corporation sanctioned loans amounting to Rs. 1,160 million to 127 cooperative projects including Rs. 961 million for 96 cooperative sugar factories. The Life Insurance Corporation of India has also, along with the Industrial Finance Corporation, been financing a part of the block capital requirements of the cooperative sugar factories.

State Bank of India

and

Other Nationalised Commercial Banks

For providing support to cooperatives, the All India Rural Credit Survey Committee (1954) emphasised the need for state association with a defined sector of commercial banks. In pursuance of this, the Government of India nationalised the then Imperial Bank of India and the present State Bank of India came into being. This bank is providing assistance to marketing and processing cooperatives towards their working capital requirements. Greater coordination between cooperatives and the commercial banks is also being brought about. An interesting development is that, in some areas where central cooperative banks are weak, the commercial banks are financing primary credit societies for extending credit to farmers for agricultural production. At the end of 1974-75, 405 branches of 22 commercial banks were financing 3,241 primary credit societies which advanced short and medium term loans to the extent of nearly Rs. 160 million during 1974-75.

National Cooperative Development Corporation

The main object of the NCDC, set up under the National Cooperative Development Corporation Act, 1962, is to plan, promote and finance programmes for cooperative processing, storage and marketing of agricultural produce and for distribution of agricultural inputs. The working of this Corporation was reviewed recently by an Expert Committee set up by the Government of India which observed: "The striking progress recorded by various cooperative programmes, the planning and promotion of which is the responsibility of the NCDC under its Charter does credit to the NCDC". In pursuance of the recommendations of the Expert Committee, the NCDC Act has been further amended in 1974, to broad-base its activities, constitution and resources. The activities of the Corporation have been specifically extended to cover cooperative programmes for dairy, poultry, fishery and collection and marketing of minor forest produce, which are generally undertaken by the weaker sections of the community. From 1962-63 to 1974-75, the total assistance provided by the Corporation for various programmes, coming under its purview, was of the order of Rs. 1,450 million.

Development Strategy for Cooperatives

Cooperatives have emerged as the major single institutional agency for supporting programmes of agricultural development. It is significant to note that areas which have recorded substantial progress in agricultural development broadly coincide with the areas which have a fairly strong agricultural cooperative movement. The strategy of agricultural cooperative development consists of creating conditions for the growth of cooperatives and designing measures for improving their operational efficiency with a view to benefitting ultimately the farmer, particularly the small farmer. Besides provision of credit and other inputs for modernizing agriculture, the activities of cooperatives for providing post-harvest facilities for processing, storage and marketing of agricultural produce, are being further expanded and strengthened. In the field of agricultural credit, the loaning operations of cooperatives are being progressively oriented to help the small and marginal farmers on a priority basis. Various measures have been taken to in-

crease the flow of credit to these sections of the rural community. During 1973-74, the total advances through primary agricultural credit societies to the weaker sections in the rural sector amounted to nearly Rs. 2,148 million, accounting for 34 per cent of their total advance during that year.

A major structural reform is needed in the cooperative credit structure so that cooperatives function as viable units responsive to the needs and convenience of their members, particularly the more vulnerable sections. The primary credit society at the village level is to function effectively as a viable well-managed, multi-purpose society, providing a package of services including credit, supply of agricultural inputs and consumer goods, marketing services, technical guidance, and mop-up savings of the community as deposits. In other words, a primary credit society is to be developed as a real service society with focus on weaker sections. This concept is incorporated in the scheme of farmers' service societies, based on the recommendations of the National Commission on Agriculture. The objective is to reorganise/organise such viable societies and take them to the level of farmers service societies as contemplated by the National Commission on Agriculture by the end of the Sixth Plan period.

Another area where structural reform is being attempted relates to integration of short, medium and long-term activities in a single organisation so that a farmer is not required to approach different institutions for various services. Recently, the Reserve Bank of India has appointed a Committee for studying the feasibility of merging the short and long-term cooperative credit structures.

In the field of processing and marketing of agricultural produce, the activities of cooperatives are being progressively diversified to include horticulture products, minor forests produce etc., to benefit backward areas and vulnerable sections. Cooperative programmes are also being formulated on a project basis for attracting institutional finance. Government have set up public sector commodity corporations like the Food Corporation of India, Jute Corporation of India etc. The main objective of these corporations is to ensure to the farmer reasonable prices for his produce and to

have a social control over these basic commodities. As the social objectives of cooperatives converge with those of these public sector organisations, effective coordination is to be brought about between the activities of these corporations and the cooperatives to their mutual advantage. The central and state governments, the Reserve Bank of India, and other public sector financing institutions are providing substantial support to cooperatives.

A healthy development during the last decade is

the establishment of a number of national level federations for different activities like credit, marketing, sugar factories, spinning mills etc. Large scale expansion of activities of cooperatives calls for central directions, coordination and support, which are to be provided by the national and state level federations. The national level federations, in conjunction with their state level counter-parts, it is expected, will impart requisite dynamism to the cooperative movement and foster its development as a popular, integrated and efficient movement.

NCDC TO FORMULATE A MASTER PLAN FOR DEVELOPING EDIBLE OILS PROCESSING IN THE COOPERATIVE SECTOR

IN view of the importance of edible oils as an item of the mass consumption, the Board of the Management of the National Cooperative Development Corporation has taken a decision for formulating a master plan incorporating projects separately for 5 years and 10 years for the development of edible oils processing in the cooperative sector. The programme will be based on groundnut, mustard, gingely, coconut, cotton-seed, rice bran, lin-seed and sal-seed. The entry of cooperatives would exert a healthy influence in the marketing of these commodities. The NCDC has already assisted 24 large sized oil complexes comprising oil mills, solvent extraction plants and refineries.

At a recent meeting of the Board of the Management of the NCDC under the chairmanship of Shri A. C. George, Union Minister of State, Ministry of Industry & Civil Supplies 3 large oil-seed complexes to be set up at Devangere in Karnataka, Anantapur in Andhra Pradesh and Parwaha in Madhya Pradesh involving total outlay of

Rs. 305.11 lakhs were sanctioned.

At the Board meeting a dairy project for setting up a cooperative fluid milk plant at Sangrur in Punjab having an initial capacity of 50,000 litres per day, expandable to 1,00,000 litres per day at a capital cost of 130 lakhs was also approved.

In the context of increasing demand for improved seeds for high yielding crops, the Board of Management also approved a scheme in Tamil Nadu for establishment of a seed Development Project by the Tudiyalur Cooperative Marketing Service Society in Coimbatore district, involving a total outlay of Rs. 172 lakhs.

In order to enable the cooperative Spinning Mills to meet their margin money requirements for raising working capital, the NCDC has sanctioned a further assistance of Rs. 96.34 lakhs to 8 mills located in Maharashtra, Karnataka and Uttar Pradesh.

WAREHOUSES AND THEIR FUNCTIONS

S. C. SHARMA

A warehouse may broadly be defined as a 'Scientific Godown' meant for the proper preservation of agricultural produce on its way from the area of production to the centre of consumption. It is manned by a warehouseman who is a person or an institution or a company or a firm holding a licence under statute for issuing warehouse receipt for goods stored in the warehouse. The warehouse receipt means a negotiable certificate or instrument issued on the prescribed form by the warehouseman to the depositor.

The concept of public warehousing is a recent development in India though the Royal Commission on Agriculture in 1928 had stressed the need of warehousing in India. It took an actual shape as per recommendations of the Rural Credit Survey Committee (appointed by R.B.I.) in 1954. The recommendations paved the way for enactment of Agricultural Produce (development and warehousing) Corporation Act 1956, which was replaced by the Warehousing Corporation, Act 1962. The Central Warehousing Corporation was constituted in 1957. The Act also provided for a Warehousing Corporation, in every state and at present such corporations are functioning in almost all the states (except Jammu and Kashmir).

The authorised share-capital of CWC is Rs. 20 crores (fully subscribed), while that of the 16 State Warehousing Corporations, which are the subsidiaries of CWC, is Rs 2 crores each. The Central Warehousing Corporation provides half the share capital of a State Warehousing Corporation and the remaining half is subscribed by the state government. The authorised capital of Central Warehousing Corporation and State Warehousing Corporations is being increased to meet the demand of their infrastructures.

Warehousing scheme envisaged a three-tier system under which centres of all-India importance are served by Central Warehousing Corporation, centres of secondary markets are to be operated by State Warehousing Corporations while the village levels are to be looked after by the cooperatives. This avoids duplications of work.

The warehousing is an agro-economic activity. The private sector was shy of entering this field being a capital-intensive industry of uncertain returns. The government had to take up this venture in public sector as a promotional and developmental activity to improve the agrarian economy.

The Warehousing Corporations are having a net work of warehouses in the country. The Central Warehousing Corporation is operating 152 centres in India, having a total capacity of 1.7 million tonnes including 0.45 million tonnes of hired godown space and their overall occupancy is full. The State Warehousing Corporations have set up 650 warehouses (as on 31st March 1975), comprising a capacity of 2 million tonnes.

The broad objectives of Warehousing Corporations are :

- (a) To take up scientific and orderly storage of agricultural produce, seeds, manures, fertilisers, agricultural equipments and notified commodities by hiring and constructing godowns.
- (b) To arrange facilities for to and fro transport of above-mentioned commodities at the warehouse.
- (c) To act as an agent of the government,

government sponsored organisations, co-operatives and registered companies for purpose of purchase, sale, storage, and distribution.

- (d) Creation of negotiable paper to provide an instrument for expansion of credit through commercial banks for the benefit of producers and others.
- (e) Adding to the total nation's real income by reducing waste and storage losses by promoting scientific storage facilities.
- (f) To impart in-service training to the personnel to manage and run the warehouses.
- (g) To assist in orderly marketing by introduction of standard grade specifications.
- (h) Assistance to government and government-sponsored organisations in their scheme of price support and price-control.

Operational Functions of Warehouses

1. *Warehouse Receipt* : The warehouse issues a receipt for the goods deposited in the warehouse. It is negotiable document giving full details including the description, quality, quantity brand and value of stock. It can be pledged with any bank and also adjusted for sale and purchase of goods covered by it without physically moving the goods from place to place. This helps in orderly marketing and also reduces incidental cost. The stocks are got insured against the risk of fire, theft, burglary, floods, riots and strikes. The warehouse brings a bailee, ensures the up-keep of quality and quantity stored subject to normal driage and shrinkage.

2. *Storage Charges* : A standard rate of 33 paise per month per bag of foodgrains weighing upto one quintal is levied as storage charge for the services rendered. This rate includes the element of insurance, dunnage, rent, preservation, supervision, watch and ward etc. The rate, however, varies in respect of some other commodities depending on size/volume of package and its value. A higher rate is charged at a few centres called as high rated warehouses. A rebate of 10% is admissible to cooperatives and 5% to bonafide producers on storage charge bills

3. *Ancillary Services* : Besides storage facility, the warehouse provides package services viz., handling and transport and distribution. A nominal rate is charged as supervision charges from the depositor who is enabled to control the operations without being physically present at the warehouse. Empty gunnies are also provided to producer depositors on hire basis.

4. *Sampling, Grading and Analysis* : The stocks received at the warehouse are scientifically analysed and graded after sampling. Commercial grading is also being introduced in collaboration with Directorate of Marketing and Inspection.

5. *Scientific Storage* : The warehouses are run on commercial lines keeping in view the promotional objectives. The scientific storage facility is being provided to more than 200 agricultural and notified commodities which are preserved against the damage caused by rodents, insect-pests, mites and psocids, fungi and also due to the vagaries of weather i.e., moisture and temperature.

By providing scientific storage, the warehouses have succeeded in reducing post-storage losses which otherwise range between 5 to 6.5%. This indirectly adds to the national wealth. The quality control is also fully exercised to maintain nutrient value of the grains.

The Central Warehousing Corporation arranges in-service training programmes periodically for managerial and technical expertise of its own as well as State Warehousing Corporations and others.

6. *Disinfestation Extension Service Scheme* : This is a new scheme introduced at Central Warehouse to provide disinfestation to the stocks at the door-steps of growers, traders, cooperatives and other institutions. This extension service is being expanded year after year. This adds to the revenues of the corporation and eliminates damages of agriculture produce at all levels. The pre-shipment fumigation of exportable cargo is a new venture adopted at ports under this scheme, as a government recognised agency.

7. *Public Distribution of Foodgrains* : The special warehouses at Bombay and Calcutta are

being operated to cater to the rationing requirements. The special godowns called Crash Programme Warehouses having a capacity of 2.87 lakhs metric tonnes in Andhra Pradesh and a good number of such warehouses in other states are being utilised by the Central and State Governments, Food Corporation of India, Cooperatives and other public organisations and private companies for storage and distribution of foodgrains.

8. *Specialised Storage:* The cold storage and air-conditioned storage facilities are being provided at Hyderabad and Calcutta for preserving perishable articles like fruits, vegetables, poultry and dairy products.

A special warehouse at Muzaffarnagar has been set up for jaggery storage which has also been taken up at Sangli and Kolhapur.

Special storage techniques have been evolved for the storage of tobacco, ground-nut oil, coffee seeds, spices and other delicate items.

An export Warehouse has been started at Bombay for the storage of exportable and imported commodities. Similarly, a bonded warehouse has been established at Chikodra (Anand Gujarat) for the storage of tobacco.

9. *Diversification of Activities:* Expansion in the work at warehouse could be done by increasing the number of commodities to be accepted for storage, so as to maintain the desired growth rate. This stands accomplished as the government on the proposal of Central Warehousing Corporation, notified certain additional items including industrial goods and raw materials etc. Efforts are afoot to attract more and more notified commodities for storage and also to secure maximum business of handling transport and distribution work etc. The warehousing corporation sell services to their customers as per their requirements and also to their entire satisfaction at a low cost because a satisfied customer is indirectly the best salesman. The facilities for reservation of space on short or long term basis are offered so as to relieve the depositors of their worries of advance storage arrangements.

10. *Distress Sale and Regulated Flow of Stocks:* The Warehouses prevent distress sale and regulate flow of stocks in the market, thereby putting checks on erratic behaviour of prices. The stocks stored in the warehouses are also open to public eye and help restoring the confidence of people.

11. *Purchase and Sale Agents to the Government:* The warehousing corporations were authorised to act as agents of the government for the purpose of purchase, storage and sale of foodgrains, seeds, etc., but earlier there was no opportunity to take up this job in view of presence of free trade. However with the creation of Food Corporation of India under the Act of Parliament passed in 1964 and subsequent establishment of some state undertakings, the entire pattern of marketing has undergone a vast change which is still on a path of completion. These organisations are engaged in the state trading of food grains and some food stuffs. These public agencies are no doubt utilizing the services of warehousing corporations to some extent for storage of their buffer stocks but they have also resorted widely to undertake self storage by opening their own separate depots at certain centres through construction of godowns or by hiring godowns in preference to warehousing godowns. This process of deviation from their basic field still continues unabated, thus giving rise to duplication of storage by public undertakings.

The central storage committee as well as state level coordination committees are seized of this problem of duplication and overlapping of functions and the same are now being avoided as far as possible. The warehousing corporations are also fully cooperating in the matter of providing storage space at their level on a priority basis and also attending to incidental services as and when entrusted.

Central Warehousing Corporation has been making a steady increase in its profits since 1966-67, thereby wiping out earlier losses and creating allocable surpluses. The corporation earned (before tax) Rs. 123.50 lakhs last year and the profit may be of the order of about Rs. 1½ crores this year. The performance of most of the State Warehousing Corporations is also satisfactory.

The Warehousing Corporations are also adding substantially to the national wealth by way of preservation of goods from avoidable wastage.

Central Warehousing Corporation would be adding 1.7 million tonnes capacity during Fifth Plan and may also construct 8,000 metric tonnes bulk/transit storage under N.S.P. Plan.

The agricultural production is on a steady increase in the country inspite of occasional drought conditions. This year, the food output is expected to reach the all time record figure of 114 million tonnes. The mopping up of marketable surplus and building up of buffer stocks are attracting the concerted attention of the government, particularly

at this juncture, when the country is passing through national emergency. The government is very eager and determined to stabilise the price line and is at the same time very particular to ensure easy flow of foodgrains to the consumer and payment of economic price to the producer. The post-harvest storage losses are also to be reduced appreciably at all levels.

The Central and State Warehouses spread all over the country are well geared to shoulder the new responsibilities to a greater extent with right earnest in view of presence of technical competence and wherewithal. There is however a distinct need for complete collaboration and coordination of various allied agencies in public sector in the larger interest of the nation.

NEW OFFICE BEARERS OF MARKFED

IN the first meeting of the newly elected Board of Directors held under the chairmanship of Shri Umrao Singh, Revenue Minister, Punjab and a Director of Markfed, the following office-bearers were elected unanimously:—

Shri Onkar Chand : Chairman

Shri Tejpal Singh : Vice-Chairman

- | | | |
|--------------------------|---|---|
| 1. Shri Balwinder Singh | } | Members of the Administrative Committee |
| 2. Shri Sajjan Kumar | | |
| 3. Shri Avtar Singh Brar | } | Members of Executive Committee |
| 4. Shri Mohinder Kumar | | |

PRESIDENT LAYS THE FOUNDATION STONE OF THE NCDC BUILDING

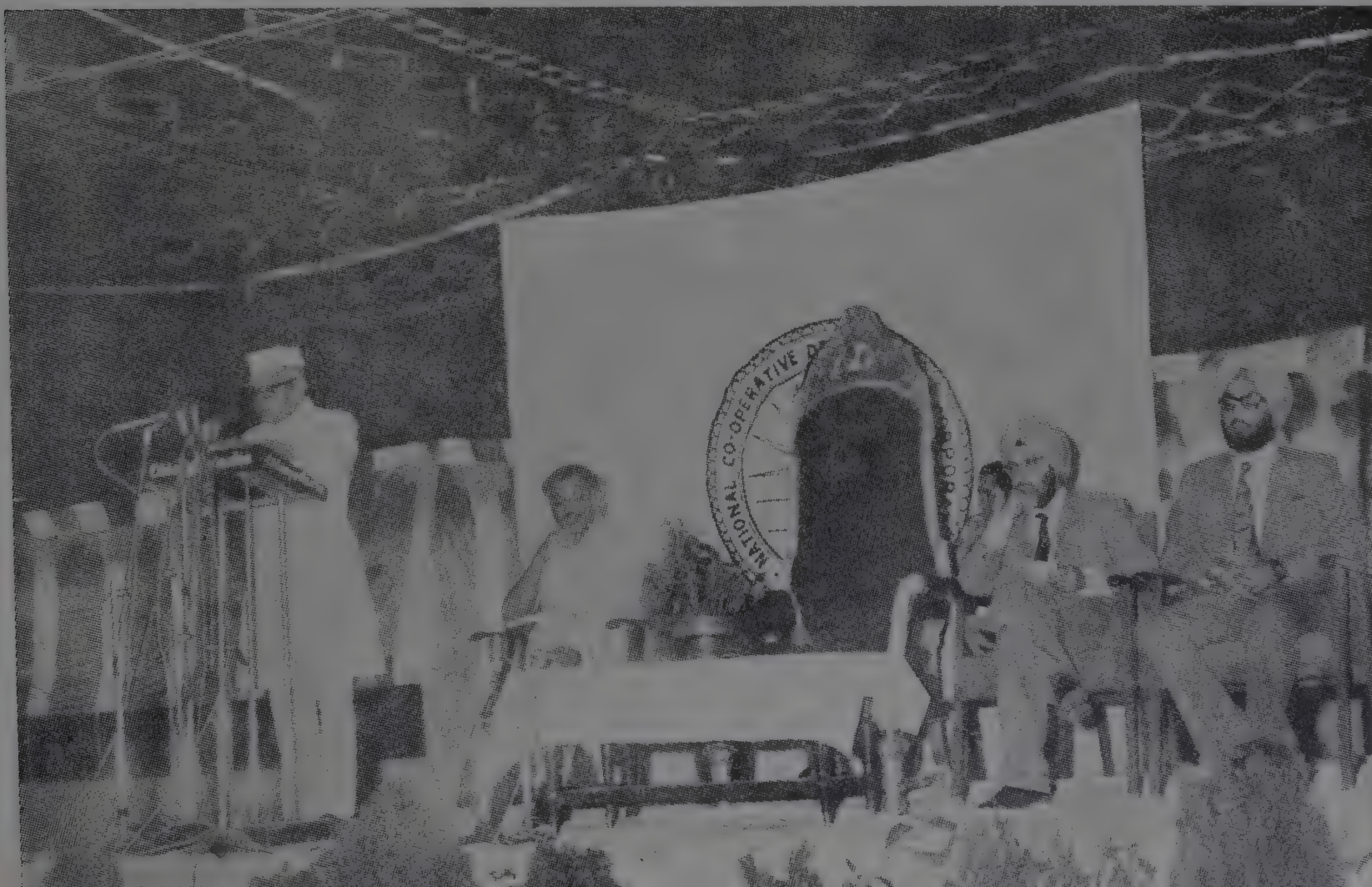
22ND April, 1976 will be remembered as a red letter day in the history of the National Cooperative Development Corporation. This day the President of India, Shri Fakhruddin Ali Ahmed laid the foundation stone of the NCDC building.

The building is expressive of the theme of Co-operation. It is derived out of a structural system based on column free spaces. Two shear walls of concrete soar upwards to meet and support each other. In between lie the working space, sheltered from the sun. Two wings of the building create a monumental entrance hall open from the sides allowing free flow of space. The building will be eight storeyed and will also have a basement. The Ground floor would be used as a Reception and a

Cafeteria. Higher floors contain office space, Library, Conference Hall and the basement would be used for records and stores. The total covered area will be 6,070 sq. metres. All working areas are so designed as to be provided with natural day light. Untreated exposed concrete, expressive of nature's ruggedness, will integrate the structure with the monuments of Siri Fort. The building is likely to be ready in two years.

Shri T.A. Pai, President of NCDC was to have presided over the ceremony, but due to indisposition he could not be present. His address was therefore read by Shri A. C. George, Union Minister of State for Industry & Civil Supplies and Chairman, Board of Management, NCDC. While welcoming the

The President, Shri Fakhruddin Ali Ahmed delivering the inaugural address ; seen also in the picture from left to right are Sh. A.C. George, Chairman, Board of Management, NCDC, Sh. S.S. Puri Vice-Chairman, Board of Management, NCDC and Shri M. S. Gill, Managing Director, NCDC



Rashtrapati Ji for having agreed to lay the foundation stone of NCDC's building, he said that Rashtrapati Ji was closely connected with the NCDC when he was the Union Minister of Agriculture. In fact, it was during his tenure that a decision to construct this building was taken. He made particular reference to the contribution to development of cooperative marketing, processing storage and distribution of agricultural inputs made by the National Cooperative Development Corporation. The value of agricultural produce handled by co-operatives increased from Rs. 360 crores in 1965-66 to over Rs. 1,200 crores in 1974-75. The cooperatives distributed nearly 2/3rd of the value of fertilisers used in the country. The value of fertilisers retailed by cooperatives increased from Rs. 80 crores in 1965-66 to over Rs. 600 crores in 1974-75. In the field of rural industrialisation, the cooperative sugar factories made an outstanding performance. The NCDC had provided financial assistance amounting to Rs. 170 crores for various cooperative programmes. A sum of Rs. 140 crores was expected to be spent as assistance from NCDC for new programmes during the Fifth Plan period. Not only the programmes have been made to help the weaker sections and the development of backward areas, the activities of NCDC have also been enlarged to cover cooperative programmes for dairy, poultry, fishery etc. NCDC has also decided to promote and finance programmes relating to industries for consumer goods, handloom textiles, sericulture, fisheries, coir and bamboo.

The President in his speech said that he was pleased to lay the foundation stone of the NCDC building as he was a firm believer in the philosophy of cooperation and had always worked for the strength and vitality of the cooperative movement. He was particularly gratified to know that the cooperative movement had made a rapid progress and extended its activities to various fields since the attainment of independence. He suggested that cooperatives can give direction to the social structure and the national economy. The rural transformation which all of us desire, could be brought about by the co-operatives, as they can be of great help to the weak



The President looking with interest at the Foundation Stone after the ceremony

and inarticulate sections of our population. The cooperative system had enabled the farmer to have access to credit and essential inputs. He complimented the NCDC for its role in developing rural agro-industry as a result of which cooperatives today were in a commanding position in a number of rural industries. He particularly mentioned the cooperative sugar industry which had made a tremendous progress in the output of sugar. He was extremely happy to know that the NCDC was focussing its attention on the development of programmes for weaker sections and distribution of articles of mass consumption in the rural and urban areas. He made a suggestion that in every village, Panchayat, Ward or Mohalla, we should establish cooperatives for distribution of essential commodities. The rural population should be made aware of the benefits of the cooperative methods. He had a special word of praise for the NCDC for its ambitious programmes during the period of the Fifth Plan. He wished that the building, the foundation stone of which he was laying, would be an aesthetic land mark on Delhi's fast growing skyline and that the building when ready will provide facilities for those interested in the study of the cooperative movement in India.

NCDC AIDS NAMKHANA FISHERMEN'S COOPERATIVE SOCIETY

R. K. Kanaujia

THE Namkhana Coastal/Inland Fishermen's Cooperative Society was organised on January 15, 1975, with the main objective of providing all requisites and services needed by the fishermen of the area to exploit the riverine tracts in estuaries and the coastal and off-shore area of the Bay of Bengal, in pursuance of a decision taken by the Government of West Bengal. The area of operation of the society extends to 14 villages which are not covered by any other fishery cooperative. Namkhana development block is situated in the extreme southern portion of the Diamond Harbour sub division of the 24 Parganas District of West Bengal. Namkhana Police Station is encircled by the navigable rivers and the Bay of Bengal is on its southern portion. Numerous rivers and rivulets run through Namkhana, making it accessible to sea. It is thus a busy fish landing-cum-marketing centre. Sea fish and sweet water fish are transported to Calcutta market from this centre all the year round. The fishermen of the area catch fish in the riverine and estuaries throughout the year, and sea and coastal fishing during rainy and winter season. Roughly, 45 per cent of the total population of the area is engaged in fishing in different belts.

The total membership of the society is 123. The number of fishermen families residing in the area is estimated at 3,000. It is expected that 80 per cent of the fishing families in the area will join the society within 3 to 4 months from the date of the implementation of the mechanised fishing scheme. The value of each share is Rs. 10 and the total paid up share capital is Rs. 15,440, of which Rs. 5,440 was contributed by the fishermen members and the remaining by the State Government. The society had also received a sum of Rs. 35,000 from the State Government as a grant (Rs. 5,000 for fish stall and a loan of Rs. 30,000 for crafts and fishing gear).

The society has 9 country crafts, out of which 7 are under operation. The fishing operation at present is done in the sea at Frazerganj which is about 20 Kms. from the society's office. The total daily fish catch of the society is estimated to be 150-300 kgs. which is collected at the collecting centre at Namkhana. This catch is brought to the centre at Namkhana by boats and from there it is sent to the Calcutta market every day by the truck hired by the society. The ice required for transportation of fish to Calcutta is supplied by the Diamond Harbour Central Fishing Society which is located about 45 kms. from the society towards Calcutta. Usually a group of 5 to 6 persons are engaged in a boat. Out of the total value of the fish sold at Calcutta market after deducting transport and other charges, 70 per cent of the money is paid to the fishermen as wages and the remaining 30 per cent is utilised by the society. The society has started its fishing operations from August 1, 1975.

As per bye-laws of the society, there is a provision for election of 9 Directors from among the fishermen members. In addition, the State Government nominates a few members. According to the Cooperative Societies Act and the Rule of West Bengal, the first Board of Management of a cooperative society is to be nominated by the State Government and the general body meeting of the society to be convened within 18 months from the date of registration for election of the members of the Board of Management.

The society proposes to purchase 6 mechanised boats at a cost of Rs. 3 lakhs, one set of nets worth Rs. 0.45 lakhs and one truck, costing Rs. 1.25 lakhs during the year 1975-76. In the following two years Rs. 6 lakhs would be spent on the purchase of 6 boats.

The proposal of the society has been recommended by the State Government to the NCDC for sanction of funds. As per the scheme, the NCDC's share would be 70 per cent and the remaining 30 per cent would be borne by the State Government and the society. Out of the 30 per cent margin, the State Government has proposed to finance 25 per cent as subsidy on all the above items viz., boats, nets and trucks and the society would raise the remaining 5 per cent.

The NCDC has approved the first phase of the programme to be implemented during the year 1975-76. The implementation of the current year's programme involves an expenditure of Rs. 4.70 lakhs. The State Government has, however, offered to grant a subsidy of 25 per cent of the total programme. In view of this, the NCDC has sanctioned financial assistance of Rs. 3.52 lakhs for the current financial year as under :

				(Rs. in lakhs)
Sl. No.	Name of the Scheme	NCDC assistance		Total
		Loan	Subsidy	
1.	6 mechanised boats with a total cost of Rs. 3 lakhs	1.65 (55% of the cost)	0.60 (20% of the cost)	2.25
2.	1 set of net with a total cost of Rs. 0.45 lakhs	0.2475 (55% of the cost)	0.09 (20% of the cost)	0.3375
3.	Purchase of truck with a total cost of Rs. 1.25 lakhs	0.625 (50% of the cost)	0.3125 (25% of the cost)	0.9375
Total :		2.5225	1 0025	3.5250

It has been assured that the society will have no difficulty in acquiring the boats as the same will be supplied by their boat building yard within the estimated cost. Besides, arrangements would be made for supply of nets and other fishery requisites. The State Government has already deputed an assistant Fishery Officer as the Executive Officer of the society.

The implementation of the scheme would not only help to increase fish production but also enable swift transportation of fresh fish to the Calcutta market, thus eliminating the middleman. This will enable the consumers in Calcutta to get fresh fish. The scheme will undoubtedly ensure higher income to the fishermen besides providing employment opportunities to many people.

Your country requires heroes: be heroes; stand firm like rock,
Truth always triumphs. What India wants is a new electric life to stir
up a fresh vigour in the national veins.

—Swami Vivekananda

MANAGEMENT DEVELOPMENT IN NCCF

Dr. M. S. Patel

THE task before the cooperatives is to become a mighty movement and to do real good business to serve the community. This could be achieved only if it is broad-based and run democratically through competent managers under cooperative principles. To do this, it is necessary to undertake Management Development programmes through an integrated approach by developing its own cooperative cadres through selection of managers and staff on merits, training them well with a view to build up their career and confidence through various practical training programmes viz.

- Induction programmes;
- Familiarisation programmes with NCCF and other sister organisations;
- Visits within the country and outside;
- On job training;
- Appraisal and counselling;
- Granting opportunity for self-development; and
- Arranging special seminars in functional areas.

Briefly, the objectives and goals of such a project are:

- to develop managers to meet the multiplying tasks on hand and the tasks ahead;
- to develop managers for better competence;
- to improve skills so that they can do their jobs better and shoulder higher responsibilities ; and

- to relate training to career development which should ultimately lead to sound man-power planning in the Federation.

The areas of development are :

- general management ;
- marketing management ;
- personnel management ;
- finance management ; and
- special functional areas viz. Management Services, Information Services and Publicity Units.

Though training is a long and continuous process, its reward is tremendous, as properly trained man-power is organisation's best resources which must be developed. This is also the key to Federation's progress in future because only with well-trained men and women, the Federation can meet its multiplying tasks well. These investments on training efforts could yield fruitful results in years to come. Investment on human beings for training always appreciates.

Dynamic Approach of NCCF in building up Cooperative Cadres through Pool of Young Management Trainees.

It has been realised for quite some time now that if the Cooperative Movement has to function efficiently and effectively and achieve the desired results, it must build up its own cooperative cadres of trained Professional Managers, without further delay. In the absence of trained and Professional Managers within the Movement, cooperative insti-

tutions have been required to draw heavily upon the personnel from other departments either on deputation or from the market to take the managerial positions. While in some cases, the deputationist Government Officers, in cooperative institutions, have held their jobs with responsibility and understanding, they are not always expected to have the required flair and aptitude for cooperative business. It is, therefore, essential that the cooperatives should not always depend on outsiders to manage their business. It is, therefore, necessary, to build up cooperative cadres by proper recruitment and training.

The need for development of professional management is greater in the cases of consumer cooperatives, as the nature of their business and operations is complex, and of a competitive character. With the setting up of the cooperative Department Stores, Super Markets, Wholesale Stores and diversification of the activities of consumer cooperatives, it has become all the more necessary for the consumer cooperatives to employ trained and professional Managers, for ensuring efficiency and effectiveness in their business operations.

It would be difficult for individual consumer cooperatives to attract bright young Managers, and offer career prospects to them, for a life time of devoted service. The Fifth Five Year Plan has emphasised the building up of such a cadre of trained and professional managerial and supervisory personnel, both at the National and State level as a part of the Consumer Cooperative Movement. The NCCF has taken a lead in this regard, and has decided to establish a pool of bright young people, with right type of aptitude and flair for business and give them intensive training in the management of consumer cooperative business for a period of about six months.

To get the cream of Indian Youth for Cooperative Movement, advertisements were issued in leading newspapers of the country to invite applications from various disciplines. As a result, about 700 applications were received and 91 suitable candidates were called for interview after first careful screening at four centres in the country at Delhi, Madras, Bombay and Calcutta for the convenience of candidates. The ILO Team Leader was actively

associated with the Interview Board. As a result of this, 20 best candidates were selected for final training for a period of six months. They belong to various disciplines viz. Economics, Business Management, Commerce and Social Sciences, with Ist Class academic career. The candidates so selected are being given a lump-sum of Rs. 600 per month from the date of their joining and they will be intensively trained to make them suitable managers after training. The areas of training cover :

- academic training to apprise them of the cooperative training at Vaikunth Mehta National Institute of Cooperative Management for six weeks ;
- visits to important cooperative institutions and training centres for three weeks ;
- familiarisation and visits to apex cooperative organisations and the concerned Ministries ;
- finally, they will be given gradual responsibility under competent managers so that they can take up independent jobs later on.

The institutional training comprises of specialised courses specially prepared by the Vaikunth Mehta National Institute of Cooperative Management ; National Productivity Council ; and Consultancy & Promotional Cell of the NCCF. Practical on the job training would be conducted in subjects like Retail Management, Purchase Management, Accounts & Finance Management, Personnel Management etc. According to the qualifications and interest of the individual management trainees, they will be placed in such reputed institutions as Chinthamani Cooperative Stores, Super Bazar, New Delhi, Janata Bazar, Department Store, Bangalore, Karnataka State Federation, National Cooperative Consumers' Federation, International Cooperative Alliance etc. During the training period, the NCCF itself would be paying a consolidate sum of Rs. 600 p.m. to the Management Trainees and would also be meeting their training and travel cost. While the NCCF itself will absorb a large number of these Management Trainees for its expanding activities, the State Cooperative Consumer Federations and the Depart-

ment Stores, which would like to utilise their services would also be given preference for doing so. Such of the State Cooperative Consumer Federations/Wholesale/Department Stores that are interested in securing the services of bright young men to hold managerial positions in their organisations should indicate their requirements, mentioning the management area, for which they would like to secure the services of the officers from this management pool, the salary scale and total emoluments that they would be prepared to offer to them, including other benefits etc. so that the services of suitable officers from the pool could be offered to them.

Keeping this in view, it was decided to implement the Management Trainees scheme promptly and a good beginning has already been made. It is a legitimate pride for NCCF that it has become a pioneer and modern cooperative house in having such a progressive measure and setting an example to others. The NCCF's policy approach is to develop man-power from its own staff and through selection of young managers on

merits and train them to maintain fresh and young flow of intelligent managers, of course, not forgetting the staff and managers within.

Such a cooperative cadre will have several advantages such as :

- Brilliant young boys would be trained to do the dedicated work in the field of cooperatives ;
- to augment existing managerial strength.
- to make available services of trained managers to State Federations ; and
- they will be assigned such other duties which will lead to cooperative movement and consumer protection services in the country.

As far as the cooperatives are concerned in the country, this is a dynamic approach. It is hoped that with the success of this, the entire consumer cooperative movement in the country will be further strengthened.

SHRI GILL PROMOTED AS JOINT SECRETARY

Our Managing Director, Shri M. S. Gill, I.A.S., has been promoted as Joint Secretary to the Govt. of India. He will continue to head the National Cooperative Development Corporation and give his guidance to the development of cooperative movement in the country.

NAFED BOOSTS POTATO EXPORT

THE increased production of Potatoes had been creating a problem for its growers in our country, particularly during the months of March and April. The prices of potatoes slumped so low in April last year that many of the growers did not dig them from their fields because the harvesting cost and cartage were higher than the sale proceeds the crop could fetch. The Government of India, therefore, asked the National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) to explore possibilities of exporting potatoes to foreign markets. The Federation through its intensive efforts effected shipment to Mauritius last year on trial basis. NAFED also invited potato experts from European countries to allay their apprehensions that the potato grown in India was no healthy one. The experts were convinced that the potato offered for export was quite in conformity with their phytosanitary requirements,

and that the varieties of potatoes like "Chandramukhi" and "Military Special" could find favourable markets in European countries.

The export of potatoes in the past has been almost negligible. During the year 1973-74, total export, excluding that to Nepal, was merely 80 tonnes. During 1974-75, it rose to 5,000 tonnes. Of this 3,000 tonnes were exported to Iran and the balance to various countries in Middle East, Far-East and Mauritius.

With its long standing and expertise built in the field of interstate trade and exports during the last 18 years, NAFED has established firm global contracts and reputation in the overseas markets. It is against this background that the exports of various commodities like pulses, onions, chillies, etc. have been canalised through NAFED. Nafed's exports have a regulating, stabilising effect both in the internal and external markets. In December 1975, when the export of potato was canalised through NAFED, an export target of 30,000 tonnes was fixed. It is expected that by the middle of April 1976, India would have exported over 40,000 tonnes of potatoes. Undoubtedly, potato export have earned foreign exchange for the country. It has also resulted in stabilising the prices in the domestic market and a remunerative price to the growers, which would motivate them to increase production and cultivate improved superior varieties.

Europe gets new crop of potatoes from March/April onwards from countries like Cyprus and Egypt. Their requirements are however only from January to March. These can be met by India provided it is able to maintain high standard of quality. By discreet selection of soil and application of scientific production technology backed by proper grading, packing and quick transportation system, higher production of superior quality potato can be ensured and there is a possibility of India's continuance in the export trade of potatoes.

Visiting European experts examining potatoes in the fields



IADP DISTRICT, LUDHIANA

(*IN RETROSPECT*)

Dr. P. Das and R. B. Singh

VARIOUS strategies of agricultural development have been undertaken under the successive five-year plans to boost the India's agricultural production. The strategy of 'grow more food campaign' which started with an extensive approach by the C.D. and N.E.S. Era, changed its direction in the sixties towards the intensive era of agricultural development involving area approach through Intensive Agricultural District Programme as per the recommendation of the Agricultural Production Team sponsored by the Ford Foundation in January, 1959. The intensive strategies of agricultural production involves the planned way of the use of the improved package of practices with the development of necessary infrastructure concentrating on the financial, technical and administrative resources. Institutional agricultural credit has been emphasised as a strong sector for the agricultural development in India. The implementation of intensive agricultural development programme has increased the requirement of credit playing a very crucial role in the process of break-through in Indian agriculture.

As it is viewed by the successive committees on agricultural credit the best suited agencies were the cooperatives to provide credit for agricultural production. The report on 'Rural Credit Survery' (1954) has clearly pointed out, "cooperation has failed but the cooperation must succeed". Previously, it was also remarked by the Royal Commission on Agriculture after examining thoroughly the activities of the cooperatives, "If cooperation fails there will fail the last hope of India". It is observed by the Third Plan, "In a planned economy pledged to the values of socialism and democracy, cooperation should become progressively the principal basis of organisation in many branches of economic life, notably in agriculture and minor irrigation, small industry and processing, marketing, the provision of essential amenities for

local communities, distribution, supplies, rural electrification, housing and construction". Thus all the integrated and multipurpose aspects of India's rural economy have to be reorganised in a cooperative way.

The objective of this study is to critically analyse the progress of cooperative movement in the IADP district of Ludhiana with special reference to the growth of the agricultural credit/service cooperative societies. The detailed information regarding the membership pattern, share capital, deposit mobilisation, loan advanced including short and medium, working capital, overdues, number of villages covered and the percentage of agricultural population covered were collected from the published data of the twelve years Assessment of Intensive Agricultural District Programme, Ludhiana.

The district of Ludhiana is located in Punjab with a total population of (1971 census) 14,19,421. The gross cropped area of the district is 5,12,00 hectares with 83 per cent cropped area irrigated. The major crops grown in the district are maize, cotton, groundnut, paddy and wheat. The number of farm production plans increased from 19,926 in 1961-62 to 43,605 in 1965-66, which decreased to 7,171 in 1972-73. The progress of the fertilizers used of organic manures, installation of tubewells, distribution of seeds and use of improved implements is very impressive. There is a significant increase in the hectareage as well as the total production of the cereals, oilseeds and other cash crops like sugarcane, cotton, potato, chillies and fodders. The total production of the pulses has been decreased due to the decrease in the hectareage (52.3 hect. in 1960-61 to 7.4 hect. in 1972-73). A significant increase in the yield per hectare of almost all the crops barring a few crops like potato, groundnut and some pulses is noted. The percentage of the net area irrigated to net area sown

has been increased by 175 per cent and the gross area irrigated by 226 per cent. Thus, it is revealed that there is a remarkable impact of the intensive agricultural district programme on the agricultural development in Ludhiana district.

It is revealed from the data presented in Table 1 that upto 1972-73, 968 agricultural credit/service societies were functioning against 919 in 1960-61. The number of cooperative societies has been increased by 5% in 13 years though the increase was by 12% in 1964-65. But, due to the amalgamation programme to make the cooperative societies more viable units at the instance of the Reserve Bank of India, the rate of increase has come down rapidly. Simultaneously, the membership has been increased by 85% and the number of villages covered by 77%. The result obtained from the correlation analysis (Table 2) shows that the growth of the agricultural credit/service societies by number of membership and the number of villages covered through different years are significantly correlated (0.565 and 0.675 respectively). Increasing number of villages covered and the growth of the membership are also significantly correlated 0.770. A steady increase of membership as well as the number of villages covered all through the year are noticed but, the coverage of the agricultural population was just lagging behind the growth of the membership and coverage by villages. The percentage of agricultural population covered has been increased by only 21%. This is a very dark aspect of the Cooperative movement in one of the successful IADP districts like Ludhiana, a highly potential district insofar as the agricultural resources and infrastructural facilities are concerned. A limited agricultural population has been thus benefitted from the facilities extended by the cooperative societies during the 12 years of implementation of the intensive agricultural district programme. This finding has been confirmed by Dr. Ashok Mitra who concluded in his paper entitled 'Delivery and Distribution of inputs of agriculture to small farmers in India' as "substantial expansion in cooperative credit in certain areas, in recent years, represents in effect more increase in the amounts borrowed by a limited number of members rather than widening of the area over which the benefit of cooperative credit is spread." A further probe into the phenomenon of the significant increase in the membership and the number of

villages covered in one land and a negligible increase in the coverage of the agricultural population on the other, leads us to interpret that the benefit of the increasing amount of credit disbursed as well as the increasing number of the villages covered went mostly to the non-agricultural population, which is a very alarming situation in such a district. Practically, after the introduction of the crop loan system in 1965-66 there is no appreciable increase in the agricultural population covered when the main theme of the crop loan system is to advance money to the farmers to finance the agricultural inputs and the wages to be paid to the labourers for crop production. This is a serious lacuna in the cooperative movement in a highly agriculturally developed district like Ludhiana.

Considerably better situation has been noted in case of the deposit mobilisation, accumulation of the share capital and the growth of working capital. The deposit mobilisation has been increased to 857% (Rs. 52.37 lakhs in 1960-61 to Rs. 448.95 lakhs in 1972-73), the accumulation of share capital to 489% and working capital to 727% (Rs. 43.57 lakhs in 1960-61 to Rs. 213.24 lakhs in 1972-73 for share capital and Rs. 184.71 lakhs in 1960-61 to Rs. 1343.05 lakhs in 1972-73 for working capital). Higher growth in the deposit mobilisation (857%) is definitely a strength in the cooperative movement in Ludhiana district. But, still the growth of deposit mobilisation is not proportionate to the growth of the agricultural credit/service societies by number. The growth of the agricultural credit/service societies and that of the deposit mobilisation is not significantly correlated (0.372) whereas, the growth of the share capital as well as working capital are significantly correlated (0.464 and 0.425 respectively). Thus there is a great need for effort to be made to boost the deposit mobilisation till further. But, a significant correlated growth of the share capital, deposit mobilisation and working capital with the growth of the membership (0.974, 0.996 and 0.957 respectively) as well as the coverage of the villages (0.661, 0.551 and 0.619 respectively) is definitely a strong aspect.

The amount of total loan disbursed by the agricultural credit/service societies was Rs. 1226.46 lakhs upto 1972-73 (Table 3) against Rs. 106.97

lakhs in 1960-61. The rate of increase of the amount loan disbursed is by 1047% against 5% increase of the number of the cooperative societies. Among the total loan disbursed upto 1972-73, Rs. 1201.62 lakhs was a short term and the rest of Rs. 24.84 lakhs as medium term. The rate of increase of disbursement of short term loan is by 1949% over the twelve years of assessment whereas, a highly significant decrease (14%) in the amount of medium term loan disbursed is noted. The steady increase in the amount of short term loan disbursed in different years from 1965-66 (the year when the crop loan system was introduced) shows that a considerable importance was given to the short term loan functionally. There is a sudden increase in the disbursement of the medium term loan during 1968 to 1970 which has rapidly decreased till 1972-73.

It has been pointed out by many studies that the mounting overdues have been an essential phenomenon in the cooperative movement in India. It is the non-paid amount of the loan within the scheduled time. In a district like Ludhiana, where there is a constant increase in the yield per hectare of almost all the crops including cereals, pulses, oilseeds and other cash crops as well as the total gross income of the major crops; proportionate increase in the overdues with the increasing amount of loan disbursed is really an alarming condition about the role of the cooperative movement in agricultural development. Taking the amount of the overdues (Rs. 21.43 lakhs) in 1960-61 as 100, it has been increased to 2912 per cent by 1972-73. The increase in the amount of the overdues was 1148 per cent upto 1971-72 but a sudden increase by 1964 per cent by one year (1971-72 to 1972-73), is a really grave condition. The increase in the amount of the overdues was proportionate to the increasing amount of loan till 1971-72. The increase in the amount of the loan disbursed was 1135 per cent against the increase of the overdues to 1148 per cent. From a probe into the monstrous rate of the overdues, it is revealed that the increasing unproductive use of the loan taken by the farmers due to imbalance economic condition is a major cause of the overdues. This is in support of the opinion given by the All India Rural Credit Review Committee that 'The failure to make credit production-oriented lies at the bottom of overdues in many states.'

A sudden 3 fold increase in the amount of the overdues from 1971-72 to 1972-73 may be explained by the imbalance in the availability of the agricultural infrastructural facilities during the period besides the use of significant amount of loan in unproductive way. An analysis of the infrastructural facilities shows that the total amount of rainfall has decreased drastically (647 mm. in 1971-72 to 493 mm. in 1972-73). The abnormalities in the total amount of rainfall as well as its distribution especially during the rabi season has hampered the crop production significantly. The production of the major rabi crop wheat has declined from 33.1 quintals in 1971-72 to 29.2 quintals per hectare in 1972-73. The failure of the power and unavailability of diesel oil are also the contributory factors. The percentage of net area irrigated to net area sown has declined by 1,000 hectares. The net area irrigated by wells has also decreased by 5,000 hectares (32,000 hectares in 1971-72 to 27,000 hectares in 1972-73) and the area irrigated by the private masonry has been decreased by 2,587 hectares during this period. All these factors have reduced the gross income of some of the major crops drastically resulting in an unmanageable reduction of the repayment capacity of the farmers.

There is no relationship between the growth of the amount of overdues on one hand and the increase in the number of agricultural credit/service societies, and the number of villages covered within the purview of the activities of the cooperative societies with the growth of the overdues (0.268 and 0.380 respectively) on the other. But, a strong positive relationship of the overdues with the increasing membership, growth of share capital, deposit mobilisation and increasing working capital (0.754, 0.844, 0.830 and 0.863 respectively) is found. All the values of correlation coefficient are statistically significant. This phenomenon may be due to the fact that with the growth of the agriculture credit/service societies by its membership, share capital, deposit and working capital, there is a tendency towards inadequate supervision, unsatisfactory management. The deteriorating effect of the political, factional and clique conflicts in the overall performance of the societies should also be taken care.

TABLE-I

Growth of Cooperative Movement in Ludhiana District of Punjab

<i>Years</i>	<i>Number of Agricultural Credit/Service Societies</i>	<i>Membership (in lakhs)</i>	<i>Number of Villages Covered</i>	<i>Percentage of Agril. Population Covered</i>	<i>Share Capital (Lakh Rs.)</i>	<i>Deposit (Lakh Rs.)</i>	<i>Working Capital (Lakh Rs.)</i>
1960-61	919 (100)	.99 (100)	535 (100)	82.4 (100)	43.57 (100)	52.37 (100)	184.71 (124)
1961-62	933 (102)	1.05 (105)	628 (117)	84.3 (102)	51.18 (118)	70.06 (134)	229.88 (124)
1962-63	937 (103)	1.10 (111)	859 (161)	86.5 (105)	59.38 (136)	76.96 (136)	286.31 (145)
1963-64	944 (112)	1.16 (117)	859 (161)	89.9 (109)	68.08 (156)	88.25 (169)	312.91 (169)
1964-65	1016 (106)	1.35 (136)	934 (175)	91.7 (111)	84.60 (194)	106.10 (203)	892.78 (213)
1965-66	973 (106)	1.43 (144)	935 (175)	97.2 (118)	96.41 (221)	137.39 (262)	486.08 (263)
1966-67	970 (105)	1.48 (149)	935 (175)	98.3 (119)	109.71 (252)	163.74 (313)	605.84 (328)
1967-68	968 (105)	1.51 (152)	938 (175)	98.6 (120)	119.08 (273)	196.57 (375)	631.82 (342)
1968-69	967 (105)	1.57 (158)	938 (175)	98.9 (120)	137.37 (315)	215.70 (412)	809.33 (438)
1969-70	966 (105)	1.64 (165)	938 (175)	99.3 (121)	153.89 (353)	256.45 (490)	1076.79 (79)
1970-71	968 (105)	1.71 (172)	938 (175)	99.5 (121)	173.89 (399)	342.35 (654)	1107.85 (600)
1971-72	967 (105)	1.76 (177)	945 (177)	99.6 (121)	191.18 (439)	467.50 (893)	1194.69 (647)
1972-73	968 (105)	1.83 (185)	945 (177)	99.7 (121)	213.24 (489)	448.95 (857)	1343.05 (727)

Note : Figures in parenthesis indicate the index number of the respective items.

TABLE-2

Result of the Coefficient of Correlation

	1	2	3	4	5	6	7
1.		.565	.464	.372	.425	.267	.675
2.			.974	.916	.957	.754	.770
3.				.973	.992	.844	.661
4.					.963	.830	.551
5.						.863	.619
6.							.380

1. Number of agril. credit/service societies.
2. Membership.
3. Share Capital.
4. Deposit.
5. Working Capital.
6. Overdues and
7. Number of villages covered.

The values of coefficient of correlation at .05 and .01 level with 24 degrees of freedom is .388 and .496 respectively.

TABLE-3
Amount of Loan Disbursed and overdues Accumulated

Years	Loans Advanced (lakh Rs.)			Overdues (lakh Rs.)
	Short term	Medium term	Total	
1960-61	77.57 (100)	29.40 (100)	106.97 (100)	21.43 (100)
1961-62	124.69 (161)	34.06 (116)	158.75 (148)	22.15 (103)
1962-63	182.71 (236)	40.80 (139)	223.51 (209)	39.08 (176)
1963-64	—	—	—	46.42 (217)
1964-65	227.21 (293)	—	227.21 (212)	49.09 (229)
1965-66	306.85 (396)	62.39 (212)	369.24 (345)	35.13 (164)
1966-67	402.63 (519)	61.33 (209)	463.96 (434)	50.88 (237)
1967-68	448.31 (578)	27.14 (92)	475.45 (444)	52.22 (244)
1968-69	789.59 (1018)	152.01 (517)	941.60 (880)	99.74 (465)
1969-70	875.39 (1129)	125.63 (427)	1001.02 (936)	332.61 (1552)
1970-71	1036.16 (1336)	58.42 (199)	1094.58 (1023)	246.04 (1148)
1971-72	1183.77 (1526)	29.91 (102)	121.68 (1135)	246.12 (1148)
1972-73	1201.62 (1549)	24.84 (84)	1226.46 (1147)	624.07 (2912)

Note : Figures in Parenthesis indicate the index number of the respective items.

PROBLEMS FACED BY COOPERATIVE SPINNING MILLS

THE organisation of a spinning industry is sophisticated form of activity for processing of cotton. The establishment of a spinning mill in the cooperative sector has a socio-economic purpose. Its main aim is to enable the cotton growers to secure better return for their produce and ensure regular supply of yarn to the weavers who are the ultimate consumers of its production, apart from helping rural industrialisation and creation of job opportunities. It was expected that the main beneficiaries of the spinning industry in the cooperative sector would be growers of cotton, who supply raw material for running the industry and the weavers, handloom as well as powerloom owners who utilise the yarn produced by it.

For the achievement of this dual purpose, the spinning mills in the cooperative sector sprang up in two broad forms viz. cotton growers spinning mills whose membership mainly comprises of the cotton growers and the weavers' spinning mills set up by the weavers. The inspiration for organisation of cooperative spinning mills of growers emanated from the successful working of cooperative sugarcane crushing industry of growers. But it has failed to fulfil its objective since the cotton growers have not supplied raw material to the mill, while the weaver's cooperative spinning mills have been meeting the requirements of yarn of the weaver members. At the end of 1973-74, there were 57 cooperative spinning mills with a million spindles of which 33 spinning mills were set up by the weavers and the remaining 24 mills by the cotton growers.

Cotton forms the basic raw material for the spinning industry. Its timely availability in required quality and quantity and at reasonable price is a precondition for the profitable working of the unit. In fact cotton cost, by itself, constitutes one single largest element in the cost of production of yarn. It is estimated that about 60%

of the cost of production of yarn is accounted for by cotton prices. As such the profitability of a spinning unit whether in cooperative sector or private sector, substantially depends upon judicious purchase of cotton and effective sale of yarn.

The area under cotton cultivation as well as its production have been increasing gradually. More and more land particularly in command areas like Ganganagar canal in Rajasthan, Tungabhadra and Malprabha in Karnataka and Nagarjunsagar in Andhra Pradesh, is coming under cotton cultivation. Besides implementation of programmes like Intensive Cotton District Programme for growing high yielding long staple varieties of cotton have led to substantial increase in cotton production in the country. The cotton production in 1974-75 is estimated at 65 lakh bales as against 53.38 lakh bales in 1965-66. The Fifth Plan target has been set at 80 lakh bales, which may reach 90 lakh bales according to the estimate of Task Force. The increase in indigenous production of cotton is considered adequate for meeting the requirements of the spinning industry. As a result, import of cotton is being minimised and the export of long staple variety is encouraged.

Cooperative spinning mills particularly those organised by the cotton growers themselves are expected to purchase their entire requirements of cotton from their grower members. Even Industrial Finance Corporation, while sanctioning term finance, stipulates that cotton should be purchased from grower members and payment should be made after deducting 5% of the value of cotton, which may be kept as deposits of the members. However, in practice the cooperative spinning mills, including those set up by growers themselves, have not been making purchases of cotton from grower members. In other words these mills are making purchases on commercial basis in open market. These purchases are mostly through negotiations with tra-

ders. For this purpose, the mills call for quotations along with samples from traders before finalising transaction. In some mills there is also a practice of the purchase committee visiting different cotton markets for making such purchases. A few mills of course do make a part of their purchases from cooperative marketing societies. As a result, cotton grower members are unable to derive any benefit even from their own spinning mill. The main reasons for this situation are summarised below :

i) The location of the cotton growers' spinning mill is an important factor in this regard. Generally, in the area of operation of the mill the quality and quantity of cotton which suits the spinning of most profitable and highly in demand counts, is not cultivated. The variety of cotton grown by them is unsuitable for the mill. There is in fact no provision for compulsion on the grower members to grow the varieties of cotton which are required by the spinning mill. To provide incentive to the cotton growers in this direction, the NCDC launched a programme for cotton development by cooperative spinning mills in August, 1972 and agreed to provide financial assistance in the form of grants towards the cost of (a) inputs like fertilizer, foliar application of urea etc. and (b) technical staff appointed for giving technical guidance to the growers. The purpose of this programme is to enable the cotton growers to grow particular varieties of cotton required by the spinning mills. The total assistance so far provided by the NCDC has been of the order of Rs. 12.14 lakhs. No doubt this scheme has shown good results in increasing the output of required quality of cotton; yet it has its own limitations. Out of 57 cooperative spinning mills, only 16 mills have implemented this scheme so far. Then all the cultivators implementing this scheme are not supplying produce to the mills. As a result the mills per force rely on open market purchases. There is no loyalty of the grower members in supplying cotton to the mills.

ii) The grower' members of the mills are

simultaneously members of cooperative marketing societies also. Since these societies, apart from meeting their requirements like supply of fertilizers, pesticides, production credit etc, make immediate payment for the produce, the growers have a tendency to sell their cotton through the cooperative marketing societies and not directly to the cooperative spinning mills.

- iii) In Maharashtra State, the introduction of Monopoly Procurement of Cotton Scheme, has resulted in complete severance of the growers from their spinning mills as well as cotton ginning and pressing units. Under this scheme, the growers are required to deliver their cotton to the collection centres established by Maharashtra State Cooperative Marketing Federation on behalf of the State Govt. Some more States like Andhra Pradesh, Karnataka are considering introduction of similar schemes in their States.
- iv) The raw cotton cannot be used by spinning mills unless it has been ginned and pressed. Unless cooperative spinning mills instal ginning and pressing units as adjuncts, the supply of raw material by growers directly to the mill is not feasible.
- v) There is no linkage of the cooperative spinning mills with the growers so far as supply of raw material is concerned. In this connection thought may be given to the linkage of share holding with cotton acreage.

It is evident from the above position that it is not practicable for the cooperative spinning mills including cotton growers spinning mills to purchase cotton from the grower members unless this position is rectified coupled with ensuring the loyalty of the grower members. Thus, the cooperative spinning mills make purchases of cotton on business principles i.e. wherever it is available cheaper and not on cooperative principle. In this respect there is no difference between the spinning mills in cooperative sector or those in private or public sector. Since the cooperative spinning mills are industrial undertakings, it is only natural that under the present set up, purchases of cotton are made on business principles as the cost of cotton

is a determining factor in the profitability of the mill.

The marketing of yarn by cooperative spinning mills is another significant factor which has direct bearing on the profitability of the mills. So far as the weavers' mills are concerned, the problem of marketing is simple in nature. Since the membership of those is composed of mainly weavers either handloom owners or powerloom owners, these mills are bound to sell yarn to their members and they are in practice selling to them at a little lower price than the prevailing market price on the basis of quota allotted to each member. The surplus production, if any, is marketed directly on tender system basis. Since the demand of the weavers is higher than the supply, the market for disposal of yarn by weavers' mills is assured. It is estimated that while 50% of the cloth is being produced by the decentralised sector, the spindleage in cooperative sector is roughly 50% of the total spindleage in the country. For this reason the Cooperative Spinning Mills, set up by the weavers, have been largely successful. No doubt in certain pockets in south the weavers' join hands together to dictate terms to the cooperative spinning mills. But by and large there is no problem in marketing of yarn by the Sectors' mills.

The problem of marketing arises in the case of yarn produced by the cotton growers' spinning mills. Because of non-existence of weavers even in

area of operation of the mills, the growers' units obviously have to look to open market for disposal of yarn stock at most favourable prices. For selling of their yarn, they approach the selling agents in the yarn market or appoint their own local selling agents in the areas of weavers' concentration. In both cases they do not have any control over the market. As such they face a greater risk of either loss or accumulation of yarn stock in the godown, which, in turn, is liable to affect their profitability.

There is an ambitious programme for installation of additional one million new spindles in the cooperative sector during the Fifth Plan period. This is apart from the expansion programme for installation of half a million additional spindles by the existing cooperative spinning mills during this period. In the context of this massive programme, it will be worthwhile for the cooperators as well as the authorities concerned with the development of textile industry in the cooperative sector, to consider whether the mixed type of spinning mills, in which both the growers and the weavers own membership are desirable to be set up so as to solve twin problems of supply of raw material at reasonable price and equitable distribution of finished goods. In any case congenial atmosphere is to be created wherein the growers supply quality cotton in required quantity with all their loyalty towards their own organisations—cooperative spinning mills.

Take always upon yourself every necessity for progress and resolve them all into the ecstasy of the unity. It is then that you will become divine.

—Sri Aurobindo

COOPERATIVES FORMULATE PROGRAMMES TO HELP RURAL POOR

(Shri T. A. Pai's Address to General Council of NCDC)

SPEAKING at the second meeting of the General Council of the National Cooperative Development Corporation held in New Delhi on March 8, 1976, Shri T. A. Pai, Minister of Industry and Civil Supplies and President of the Council, laid stress on the need to identify the problems of the weaker sections and to design specific programmes for increasing their income and employment opportunities. He wanted planners, administrators, managers and the cooperative leadership in general to ensure effective implementation of programmes for the weaker sections of the people. Shri Pai said that the role of cooperatives had assumed great importance in the context of the 20-point economic programme. They had a vital role in providing credit, marketing agricultural produce and in producing and distributing essential commodities. Shri Pai further observed that the year 1975-76 marked a watershed in India's development and noted that administrative and economic measures taken after the Emergency had produced significant and salutary results in the country's economy. Attention had been focussed on meeting the basic needs of the common man, he said.

Shri Pai informed the members that the National Cooperative Development Corporation had finalised a programme for assisting cooperatives in the distribution of essential commodities in the rural areas. He called for measures to ensure that the NCDC's assistance was utilised to the best advantage of the rural poor who were in need of the maximum support. He referred to the expanding role of the NCDC and felt that larger resources would have to be mobilised during the coming year. He told the Council members that programme for 1976-77 provided for an outlay of over Rs.360 million which compared favourably with the

estimated investment of Rs. 230 million during 1975-76.

Referring to the difficulties faced by a large number of cooperative spinning mills, he observed that the most significant development in this sphere was the decision by the NCDC to extend financial assistance to selected cooperative spinning mills to utilise their capacity to the full.

Shri Pai further said that the NCDC must extend its activities by assuming full responsibility for the handloom weavers sector. He pointed out that this sector consisted of the poorest and was the largest employer after agriculture.

The Minister remarked that there was tremendous potential for the export of handloom garments and fruit products. He wanted the National Agricultural Cooperative Marketing Federation to explore the marketing of these products in various foreign markets on a cooperative to cooperative basis.

The Council adopted the suggestion of the Minister that the NCDC should diversify its activities to the development of marketing and processing programmes for handloom, sericulture, coir and bamboo and to all industrial cooperatives.

The concluding remarks were made by Shri A. C. George, Minister of State for Industry and Civil Supplies. He said that the cooperative and public sector spinning mills should increasingly sell their yarn to the handloom weavers. He also suggested that the spinning mills, whether in the cooperative, public and private sector, should adopt selected handloom villages and assist in improving the handloom design and technology.

THE FISHERMAN AND HAZARDS FACED BY HIM

K. M. Kewalramani

THE life of a fisherman at sea is more susceptible to risks and accidents as compared to the life on land. The sea may either be calm or choppy, the boat may be old or new, sailed or mechanised, the vessel may or may not be equipped with life saving devices or other sophisticated equipments, the navigational know how may be perfect, but the vagaries at sea cannot be ignored. The little ships or even sea worthy vessels are always exposed to great dangers which is a part of the usual occupational hazards of the crew of such vessels.

The fishing industry as a whole and specially the life at sea is always identified with risk, which may not be to such a great extent for any other industry. Ploughing the sea for fish, is not as easy as ploughing the field, though sea ploughing may give immediate returns by way of catch of fish. The industry is beset with difficulties of extracting the product, that is fish, which cannot be cultivated but captured at sea and since the fish is always swimming, the fishermen have to follow the catch by economically operating his boat. The time has now come when fishermen, who fish in inshore waters, have gone ahead offshore areas and a very small beginning has been made to go to deep sea and the oceanic belt of the sea for qualitative and quantitative catch. This also may or may not guarantee the bumper stock of catch, which depends on the intensity of the efforts made, great fluctuations of water currents and tides, temperature and even migratory habit of the prime food of fishes which is nothing but microscopic plankton. Moreover the area of operation of any fishing gear is always small as compared with the area of migration of fish and naturally this involves some handicap in achieving the desired goal. Certain handicaps can be anticipated in fair season, while monsoonic weather creates still more handicaps. Thus when events are unpredictable and opportunities are uncertain, the nature and volume of the fish stock cannot be anticipated fully. The uncertainty of catch may be seasonal, or even it may lead to insufficient income yield, which may not even cover

the overall cost. As such, a fisherman at sea is always prone to great risks as far as his profession, his own life and the life of his crew and the welfare of his family is concerned.

The following are some of the precautions which are important enough and to which proper attention is required to be paid by the fishermen in particular and the industry in general :

- (i) Are all the boats insured ? Have all the State Fishery Departments made it compulsory to get all the fishing boats insured ? And even though it is made compulsory, are all the active fishermen aware of this procedure ? Some fishermen may not co-operate since it will bring about, according to their limited thinking, additional burden of payments of insurance premium which they may not be able to bear. In case of total accidents where the lives of the crew of the fishing boats are not insured, the dependents of the crew have no other alternative but to move from place to place with a begging bowl in hand for mere existence. Thus, it should be quite normal for a fisherman to get himself, his boat, gear and accessories insured at a reasonable cost and for doing this, the fishermen community also should help him.
- (ii) The cruise at sea is not as safe as the journey on land. There are no light posts, no police stands, no sign boards. But he has to follow the rules and regulations laid down by the Merchantile Marine Department and accordingly arrange according to his own signals and lights on his boat. He has also to keep life saving equipments at his own expense for his safety. But can an individual fisherman afford all these items in view of the fact that such an investment will not bring any return to him. Merely educating fishermen on these lines may not fully help. If the purchasing

power of the fisherman is increased by way of grant or loan from either private, cooperative or public sector bodies, it may bring relief to fisherman. The fisherman constitutes the primitive and basic unit of the industry.

- (iii) The Merchantile Marine Department has to undertake a survey of boats, but all the fishing boats are not included for such a survey. Really in fishing industry, it is not only the mechanised or motorised boats which are put to operation but sailed and oar boats like dugouts, sailed lodhias, surf boats, catamarans, dingies, dhonies, etc. are also put into operation. These may not be coming under compulsory survey schedules and all such boats may also not be fit to face the vagaries of the sea. The existence of such boats cannot be overlooked since they may be involved in accidents. In such cases where the operatives are not in a position to bear the survey cost, it is for the industry pillars to bear such expenses for the safety of their own bigger mechanised boats and trawlers. They should not treat this expenditure as an unnecessary burden in the interest of the welfare of industry. Moreover, in case of casualties, when smaller and improved boats are damaged by either bigger mechanised boats trawlers, the survivors of such boats, should get proportionate compensation from the industry or vessel owners, leaving aside the question of the nature of the accident. Not only this but the initial cost on lights, signals and life saving equipments may also be borne by the private entrepreneurs and the industry.
- (iv) Some percentage of subsidy is made available on fishery requisites by various State Fisheries Departments. The pattern of subsidy can include assistance for purchase of lights, signals and other life saving equipments and towards payment of survey charges for small boats. Such surveys, when conducted, may create the incentive for modernisation of small crafts and thereby improvement of gear. Considering the dangers involved, it is quite obvious that no

boat should be allowed to ply unless it is properly lighted and equipped with signals and life saving equipments and suitable survey certificate issued by Mercantile Marine Department or any of its subsidiary units.

- (v) It can also be emphasised that State Fisheries Departments should have their own fishery maps to be useful for operation of boat. Such maps, should be freely available to the fishermen. Over and above this, the information charts indicating type of sea beds, depths of water at various distances, under water currents, weather and tide charts, information regarding various light houses, buoy marks, fish landing centres etc. should also be available. The fishermen should also be aware of medical assistance that may be available on the coastline and fishing villages. Exact location of port offices, custom offices, fisheries offices, light houses post and telegraph offices, police stations should also be known to the fishermen. They should also be made aware of road and rail links. A provision for some type of relief for fishermen against losses at sea can be made at Government level and Cooperatives may see that some funds are available to meet their immediate demands. Such demands cannot be over-looked either by Fisheries industrialists or Cooperative bodies, who are themselves dependent on fisherman. The Fisheries Cooperatives can make it compulsory for their members to make periodical contributions to the relief and welfare funds. It would also be in fitness of things, if Government's proportionate aid to the family of the deceased or to a fisherman who had survived but has suffered a heavy loss at sea, is extended on the lines of help rendered by the Government for rail or air accidents.

It can thus be realised that the fisherman is the nucleus of the Fisheries Industry and it is he on whom all Fisheries development programmes can depend. The Fisherman should not be treated as an Isolated Segment of the Community.

DISTRIBUTION OF AGRICULTURAL INPUTS BY COOPERATIVES

M. S. Gill

IT is a matter of common knowledge that the green revolution that caught the imagination of the country, has not spread evenly and is confined to a few areas only. The reasons for such lopsided agricultural development are not far to seek and are attributed among other factors, to non-availability of the required inputs both in quantity and in time. None of the high yielding varieties seeds can be exploited to the maximum yield potential if a package of practices is not systematically followed. These practices include seeding, fertilisation, plant protection, water management etc. Neglect of even one of these aspects in a capital intensive agriculture may result in uneconomical returns to the farmer and the non-acceptance of new varieties.

Fertilisers accounts for the major portion of the agricultural inputs needed by the farmer. In India, however, the use of chemical fertilisers was almost insignificant before independent India embarked on planned development. In 1950-51 the total consumption was only 70,000 tonnes. Sustained efforts were made in the four Five Year Plans to increase consumption. The present level of consumption of fertilisers (1974-75) is of the order of 2.84 million tonnes. By the end of Fifth Plan (1978-79) the fertiliser consumption is expected to reach 8 million tonnes of nutrients.

Even though fertilisers constitute the main agricultural input needed by the farmer, it has to be noted that fertiliser sales/consumption cannot be increased in isolation of the other agricultural inputs and the only answer is an integrated approach to provide all the inputs together. In India the co-operatives have provided the answer by assuming

a significant role in the distribution of not only fertilisers but other agricultural inputs like seeds, pesticides, agricultural machinery/implements etc. The cooperatives in India have made rapid strides in the distribution of agricultural production requisites particularly during the last decade. During 1974-75, the cooperatives distributed agricultural production requisites of the order of Rs. 714.98 crores as against only Rs. 102.94 crores during 1964-65.

The National Development Council (1956) resolved that the cooperatives should make permanent arrangements in the rural areas for arranging distribution of fertilisers and other inputs. Thus, as a national policy, cooperatives are being encouraged to take up the supply of agricultural production requisites to the farmers on an increasing scale. The reasons which weighed with the policy makers in choosing the cooperatives as the main, though not the sole, agency for distribution of fertilisers were quite obvious. In the first place, the cooperatives are organisation of actual users. Secondly, they are the major source of institutional agricultural credit for production purposes, a sizeable part of which is intended to be given to the farmer in the shape of loan in kind. Thirdly, co-operatives provide a wide-spread institutional framework for carrying the inputs to the doorsteps of the farmer even in remote and inaccessible areas. Further, the cooperatives at the village level, known as multi-purpose service cooperatives, provide a package of services to the farmers viz. credit for agricultural production, for inputs like fertilisers, seeds, pesticides etc. and consumer articles, as well as arrange for pooling, processing and marketing of agricultural produce.

Cooperative Structure

A net work of 1,54,670 primary agricultural credit/village societies covering about 95 per cent of the villages in the country provides the main institutional base for supply of agricultural inputs to the farmers. These village credit societies are also the main agencies for provision of production credit to the farmer. They get the required finance from the Reserve Bank of India through the State and Central Cooperative Banks. The cooperatives disbursed short-term production credit to the tune of Rs. 854 crores in 1974-75 and during the current year, it is expected to rise to over Rs. 1,000 crores. It is envisaged that the cooperatives would provide production credit of the order of Rs. 1,800 crores by 1978-79.

Linked with the cooperative credit structure is an equally extensive cooperative marketing structure comprising of about 3,300 primary marketing societies covering almost all the secondary markets, 159 district marketing societies, 21 State level marketing federations and the National Agricultural Cooperative Marketing Federation at the national level. A number of measures have been taken to strengthen the cooperative marketing societies in order to enable them to undertake diversified functions including distribution of agricultural production requisites on a larger scale, in addition to their main function of marketing of agricultural produce. These societies have been provided with governmental assistance in the form of share capital, assistance for construction of godowns, appointment of managerial staff, purchase of transport vehicles etc.

Apart from these types of normal assistance to the cooperative marketing structure, a special scheme was introduced in the Fourth Five Year Plan for provision of margin money to marketing cooperatives for undertaking procurement, stocking and distribution of fertilisers and other agricultural inputs. Under this scheme, upto the end of Fourth Five Year Plan, an amount of about Rs. 12.36 crores was provided to different marketing cooperatives in the country, to enable them to raise working capital from Reserve Bank of India, State Bank of India and other commercial banks. During the first two years of the Fifth Plan in

1974-75 and 1975-76, an amount of Rs. 488.24 lakhs has been provided to different states under the scheme. In order to provide a single central bargaining, financing and coordinating agency at the State level, the involvement of State cooperative marketing federations as wholesalers in fertiliser business has been encouraged and almost all these federations today are functioning as wholesalers in this business. Many of these apex marketing federations have also taken up procurement and distribution of other agricultural inputs like seeds, pesticides, agricultural machinery/implements etc., through their constituent marketing cooperatives. In so far as fertiliser distribution is concerned, there are at present about 46,188 retail depots in the co-operative sector. The national and state level marketing federations have also established technical cells, including experts on agricultural inputs and storage, with financial assistance from the National Cooperative Development Corporation (NCDC). Through these cells, the apex level federations provide the requisite leadership, guidance and support to their constituent societies in developing business in various fields. Further, in order to provide trained personnel to the primary marketing societies, the State apex marketing federations are establishing common cadres/pools of key marketing personnel, particularly at the courses in marketing of fertilisers and other production requisites are being conducted by the Committee for Cooperative Training for the benefit of cooperative sales personnel.

The cooperatives have created their own storage facilities at the apex, district, taluka and village levels for stocking these inputs. By the end of 1975-76, a total storage capacity of 46.40 lakh tonnes has been sanctioned to be built by the cooperatives, and it is expected that by the end of the Fourth Plan, the cooperatives would have built 68.44 lakh tonnes of storage capacity with them, of which about 75 per cent would be available for storage of fertilisers and other inputs.

Fertilisers

The cooperatives have organised a net-work of retail depots for distribution of fertilisers. The number of sale points in 1966-67 was 54,603 as against 32,000 in 1961-62. This arrangement provided, on an average, one sale point for 10 villages.

Of late, however, on account of increasing competition from the private trade at rail heads and other important centres, the cooperatives have reorganised and merged some of the retail points bringing down the number to 46,188.

In quantitative terms, cooperatives distributed about Rs. 617 crores worth of fertilisers in 1974-75 as against Rs. 72.9 crores in 1964-65. It is envisaged that in 1975-76, the cooperatives would account for about Rs. 800 crores worth of fertilisers out of a total estimated distribution of fertiliser valued at about Rs. 1,276 crores. With the entry of the private trade in a big way in fertiliser distribution, the share of the cooperatives has undoubtedly come down from 72 per cent in 1965-66 to 57 per cent in 1974-75. It is estimated that the percentage of handling of fertiliser by cooperatives during 1975-76, would increase to 62 per cent. Nonetheless, the cooperatives have still maintained, in many cases, the tempo of expansion built up earlier. The little set-back has mainly been due to the competition from the private trade at rail heads and other important sale points, where they can afford to undercut cooperatives with savings in transport costs, while the cooperatives have to maintain a distribution net-work even in unfavourable areas for the benefit of farmers there.

With a view to promoting the use of balanced fertilisers, the cooperatives took the initiative for establishment of granular fertiliser mixing units. Nineteen such units have come up in the cooperative sector. These 19 units have a rated capacity of producing nearly one million tonnes of N.P.K. mixtures; 18 of these are completely installed, some of the units in production are producing a variety of grades of granulated mixtures depending upon the local needs and market conditions.

The Indian Farmers Fertiliser Cooperative Ltd. (IFFCO), which was promoted during the year 1967, has taken the lead in the field of fertiliser production. The organisation is a giant federation of about 24,000 Indian Agricultural Cooperatives. Its uniqueness lies in the fact that the share holders would not only own and operate the fertiliser plants, but will also consume the products and share the profit. The project is estimated to cost about Rs. 100 crores. IFFCO's two plants for

NPK and Urea in Gujarat at Kandla and Kalol, have since been commissioned with a capacity of 4 lakh tonnes NPK mixtures and urea each. Besides, IFFCO is also setting up another Rs. 165 crores Nitrogen fertiliser complex at Phulpur (U.P.) during the Fifth Plan period.

Other Inputs

Even though fertilisers account for major share of the agricultural inputs distributed by cooperatives the cooperatives in India have also consistently improved their role in the distribution of other agricultural inputs like seeds, pesticides, agricultural machinery/implements etc. During 1974-75, the cooperatives distributed agricultural inputs (other than fertilisers) of the order of Rs. 97.98 crores as against only Rs. 30.86 crores handled by them in 1964-65.

As against the value of 12.45 crores of improved seeds distributed in 1964-65, the cooperatives have distributed seeds worth about Rs. 54.99 crores during 1974-75.

In order to encourage the cooperatives to undertake the work of seed production and processing, as complementary to seed distribution, the NCDC has formulated a pilot scheme, in consultation with the National Seeds Corporation, for organisation of seed producers' cooperative processing-cum-sale societies. Under this scheme, the Corporation has so far assisted 8 societies (3 in Andhra Pradesh, 3 in Mysore and 2 in Maharashtra). Further steps, are being taken to encourage the establishment of large seed development projects in the cooperative sector.

Agricultural Implements and Machinery

There has also been significant progress in the role of cooperatives in the distribution of agricultural implements and machinery particularly during the last few years. During 1974-75, the cooperatives distributed agricultural implements of the value of Rs. 14.89 crores as against only Rs. 5.84 crores in 1964-65.

Some of the cooperatives in the country have taken up the manufacture of agricultural machinery like diesel engines.

Cooperative Agro-Service Centres

Taking into consideration the increasing role being played by cooperatives in the distribution of agricultural machinery and implements and with a view to providing custom hiring and servicing/repair facilities for tractors and other agricultural machinery to the farmers, particularly small farmers, the NCDC has introduced a scheme for establishment of agro-service centres by selected cooperatives. This scheme, which was introduced in 1968-69, envisages establishment of a workshop for servicing/repairs of tractors and other agricultural machinery, and a custom hiring centre with tractors and matching equipment and other agricultural machinery. It is further envisaged that these centres would gradually diversify their activities to cover other auxiliary farm machinery and equipment also as well as distribution of agricultural inputs such as fertilisers, seeds, pesticides etc. Under this scheme, the NCDC has provided assistance upto 1973-74 for establishment of 60 such agro-service centres (56 of both phases and 4 only for custom hiring). While the latter 4 have been established out of 56, 28 have commissioned both phases, 3 have established servicing/repair workshops and 12 have gone in for custom hiring business of tractors and other agricultural machinery alone.

Since the existing scheme is under revision taking into account the increased cost and economic viability etc. no new centres have been assisted after 1973-74. The Fifth Plan period envisages establishment of 150 such centres.

Under a special scheme sponsored by NCDC for establishment of agricultural service centres equipped with electrical motors/oil engines/tractor operated threshers and flour mills in Chambal Command Area of Rajasthan, the south east was assisted for establishment of 38 centres by village service cooperatives and 6 centres by marketing cooperatives. All these centres except one village centre have been established.

Pesticides/Insecticides etc.

As in the case of all other inputs, cooperatives have from year to year continued to improve their

share in the distribution of pesticides/insecticides. As against the distribution of pesticides/insecticides valued at Rs. 12.56 crores in 1964-65, they have distributed inputs worth about Rs. 20 crores during 1974-75. Seven apex cooperative marketing federations have been assisted to set up their own units for formulation of pesticides/insecticides, with financial assistance from the NCDC. Some apex cooperative marketing federations have also proposals to take up aerial spraying of pesticides.

Programme for the Fifth Plan

Considerable importance has been given to the role of cooperative agencies in the distribution of agricultural inputs during the Fourth Plan. As a result of the various steps taken during this period, the cooperatives handled agricultural inputs of the order of Rs. 479.7 crores—fertilisers worth Rs. 400 crores, seeds worth Rs. 47.93 crores, pesticides/insecticides worth Rs. 18.04 crores and agricultural machinery/implements worth Rs. 13.75 crores during the last year of the Fourth Plan, i.e. 1973-74.

Distribution of agricultural inputs through cooperatives continued to receive high priority in the Fifth Plan period also and it is expected that by the end of the Fifth Plan, i.e. 1978-79 the cooperatives would more than double their operations in the distribution of inputs. By the end of the Fifth Plan, i.e. during 1978-79, it is estimated that the cooperatives would handle inputs of the order of Rs. 1,800 crores—fertilisers worth Rs. 1,600 crores, seeds worth Rs. 100 crores, pesticides worth Rs. 75 crores and agricultural machinery/implements worth Rs. 25 crores.

Cooperatives continued to enter in the field of production of agricultural inputs on a large scale during the Fifth Plan period also. Besides the two cooperative fertiliser factories already set up by the IFFCO, it is expected that one more fertiliser factory may come up in the cooperative sector at Phulpur. During the Fifth Plan period, the cooperatives are also expected to set up 5 seed processing units, 8 pesticides formulation units, 9 workshops for fabrication of agricultural implements, 2 factories for manufacture of tractors and other agricultural machinery and 150 agro-service centres.

Requisites for Growth

Cooperatives have so far looked upon the distribution of inputs mainly as a service function and not as a commercial venture. They concentrated and largely succeeded in taking the inputs to the door-steps of the farmers by opening numerous sale points in the interior, irrespective of the economic viability of such sale points. The cooperative system, however, sustained itself in this venture because in most cases profits from favourable areas met the losses from unfavourable areas. The recent entry of the private trade in the field, particularly in fertilisers, has posed a new challenge to

the cooperatives. Trade in each commodity has its own organisational pattern and established conventions. For a cooperative to be able to deal simultaneously in diverse commodities and activities, even under favourable circumstances, is not an easy task. Their skills and resources are likely to be seriously strained, particularly during this transitional period of adjustment. Steps are being taken to safeguard the interests of cooperatives. The cooperatives have, however, to meet this challenge themselves by adopting effective and aggressive sales techniques, without at the same time losing sight of their basic motto of 'Service to the Farmer'.

SHRI A. C. GEORGE LEADS TEAM TO EUROPE



A warm send off was given to Shri A. C. George, Union Minister of State for Industry & Civil Supplies who led a four member delegation on 15-6-1976 for Europe. The Delegation included Saravashri Zainal Abedin, Minister for Cooperation, West Bengal, Keshavulu, Minister of Textiles, Andhra Pradesh and S. S. Puri, Additional Secretary, Department of Civil Supplies & Cooperation.

The delegation will visit Switzerland, Poland, Sweden, Denmark and the United Kingdom to study the consumer movement there and to finalise the tie-up between small scale production units in India and the cooperative consumer distribution net work in Europe.

Picture shows Shri A. C. George with the members of the delegation and the Senior officers.

Sitting L to R : Shri S.S. Puri, Shri A.C. George, Shri Keshavulu, Minister of Textiles, Andhra Pradesh

Standing L to R : Shri G.K. Sharma, M.D. NAFED. Shri R.V. Gupta, IAS, Secretary, N.C.D.C., Shri A. Das, Joint Secretary, Deptt. of Civil Supplies & Cooperation, Shri M.S. Gill, IAS, Managing Director, NCDC.

FOCUS ON RURAL BANKS

RURAL indebtedness is a gigantic problem arising out of rural poverty. Efforts made to make available institutional credit in rural areas have not made much headway in spite of the fact that the Cooperative Credit Sector made a significant contribution and that the Commercial Banks also increased their credit facilities substantially. Emphasis has been laid for over seventy years on the development of Cooperative Credit as the major instrument of building up a wide and viable rural credit structure. During 1950-51, the cooperatives met 3 per cent of the total credit needs of the farmers. During 1961-62 Cooperatives accounted for 15.5 per cent of the total lendings. The short and medium term credit which was only Rs. 24 crores in 1950-51 rose to Rs. 996.34 crores in 1973-74. This progress, significant as it is, suffers from regional unevenness. Even in areas, where cooperatives have made notable success, the benefits have not reached all strata of cultivators. In particular, small and marginal farmers did not receive their due share.

According to the All India Rural Credit Review Committee Report, "It is now generally agreed that the small farmers have not benefited in proportion either to their numbers or needs from the various programmes of rural development which have been under implementation during the first three Five Year Plans". The urgency of the problem of small farmers was reflected in the Fourth Five Year Plan. The cooperatives are expected to disburse Rs. 1310.59 crores by 1975-76.

The benefits of the cooperative credit system have flowed mostly to bigger farmers because of the following factors :

- (i) Land ownership was used as the sole criterion for extending credit to the members.
- (ii) Little attention was paid to the needs of the individual farmers or to the acreage covered by them, as the criterion of success

was merely on the aggregated amount lent and recovered.

- (iii) The quantum of farm credit disbursed recorded significant increases over the years, not because more and more farmers and larger areas came into the fold of credit societies but because mostly the same group of farmers got additional funds due to gradual liberalisation of the scales of finances for cash as well as other crops.
- (iv) Even the limits sanctioned to central cooperative banks by the Reserve Bank of India for farm credit through primaries were not utilised fully where primaries were weak and inefficient as regards recoveries, and could not offer sufficient non-overdues to cover the high level of finance.
- (v) Cooperative leadership and management were in the hands of the bigger farmers who were always interested in preserving their class interests. They, therefore, could not represent the point of view or needs of small and marginal farmers.
- (vi) Technical expertise and operational efficiency for dispensing production-oriented credit (supervised credit) are conspicuously lacking in the present cooperative set up.
- (vii) Coordination between the agencies in charge of cooperative credit and those in charge of supplies and extension advice under agricultural programme is grossly inadequate resulting in partial or non-utilisation of credit for production purposes.

All these factors have constituted special handicaps for the small and marginal farmers. Even where they have got credit by way of fringe benefits flowing to them, lack of supply of other inputs in time and extension support have nullified the advantages of such fringe benefits to them.

To fill up this large gap, the Government of India, decided to set up a chain of rural banks

appropriate to the country's needs. The policy aims at widening and deepening the institutional coverage of rural credit structure. In the light of the profound qualitative change in the character of the demand that has followed the effort at modernisation of agriculture, the need for credit is much greater. It is unfortunate that after providing infra-structural facilities like irrigation and power, fertilizers and better seeds, the farmer should be unable to translate the input and technology into additional production because of paucity of funds. The need of the hour, therefore, as the Prime Minister has rightly emphasised, is that the small farmer should not only be persuaded to adopt all new methods but should be provided finance to show positive results. An ordinance has now been issued to fulfil this need. The rural banks will be an important adjunct to the schemes of land reforms and moratorium on rural indebtedness.

The President on September 26, 1975, issued an ordinance to enable the Government to set up banks in rural areas. The original intention of setting up 50 regional banks by October 2, to cater to rural credit needs has had to be trimmed on second thought to a more modest and manageable level. It has been envisaged that the rural banks would be free from the drawbacks of the commercial banks and that they would cater to the credit needs of the rural folk both for production and to some extent, for consumption. The questions with regard to the structure of new banks, their relationship with cooperatives, farmers' service cooperatives and other organisations were actively considered and it was decided that only 5 rural banks would be set up and their working will necessarily be of an experimental pilot-plant nature.

The following 5 branches have been sponsored initially on October 2, by the leading Commercial Banks :

<i>Place</i>	<i>Sponsoring Bank</i>
Moradabad (U.P.)	The Syndicate Bank
Gorakhpur (U.P.)	The State Bank of India
Bhiwani (Haryana)	The Punjab National Bank

Jaipur (Rajasthan) The United Commercial Bank

Malda (West Bengal) The United Bank of India

The regional rural bank, (Prathama Bank), got off to a promising start on October 2, 1975, when within hours of its inauguration, its first branch at Rajabpur, Moradabad (U.P.) mobilised over Rs. 2 lakhs from about 550 villagers. In the same period it processed loan applications from 50 villagers seeking a total loan of Rs. 30,000. The Prathama Bank at Rajabpur will cater to the needs of 8 villages with a population of about 10,000. Simultaneously, another branch was opened at Nowgaon Sadat in the same district.

The Finance Minister, Mr. C. Subramaniam, while inaugurating the Bank, said that rural banks should be qualitatively different from other banks. They should attune themselves in all respects to the needs of the rural people. He said that the motto of the bank should be "banks exist for the people and not people for the banks."

The head office of the first regional bank (Anchalik Gramin Bank) in Rajasthan was inaugurated by Union Minister for Tourism and Aviation, Shri Raj Bahadur. The first branch of the rural bank was opened at Lawan by the Chief Minister, Harideo Joshi.

The main features of these banks are :

(i) The area of operation of the new banks is limited to a particular region consisting of one or more districts in a State.

(ii) These banks will have a share capital of Rs. 1 crore. It is made up of 50 per cent from the Central Government, 15 per cent from the State Government concerned and 35 per cent from the Sponsoring Commercial Bank.

(iii) The management of the bank is vested in a nine member board headed by a Chairman to be appointed by the Government. The Sponsoring Banks, the Central Government and the State Government will nominate three, three and two members respectively, to the board. While the rural banks are necessarily linked with commercial banks, it is

necessary that they should be manned and managed by an entirely different way. There should be rural-orientation in the entire pattern. What is needed is innovative methods for meeting the credit needs of the rural sector, including the artisans and small manufacturers.

(iv) Though banks are basically scheduled commercial banks yet their role and functions are different from those of the existing commercial banks in many respects. They will grant loan and advances particularly to small and marginal farmers, agricultural labourers, rural artisans, small entrepreneurs and persons of small means engaged in trade and other productive activities in their area of operation. The Prime Minister, Smt. Indira Gandhi, talking to Chief Executives of Government Financial Institutions and nationalised banks recently at New Delhi, is reported to have cautioned them against making the proposed special rural banks "copies of other commercial banks".

(v) The salary structure of the employees of the regional banks is to be prescribed by the Central Government having regard to the salary structure of the employees of the State Government and local authorities of comparable level and status in the area of operation.

It is expected that the employees of the new banks will play a pioneering role in identifying themselves with the rural poor whom they are required to serve. These banks, it is also expected, will not import staff from outside, but pick-up suitable people from the areas where they serve and train them.

(vi) The lending rates of the banks will not be higher than the prevailing rates of cooperative societies in the State concerned.

Thus, the idea of opening such banks originated in the context of the measures to give relief to the rural poor from the burden of indebtedness. They were conceived as agencies for opening alternative sources of credit to free the weaker sections from the extortions of the private money-lenders. The existing nationalised commercial banks with their urban orientation were found to be unsuitable for this purpose.

It is now to be seen in what manner these banks are equipped to meet the credit needs of the rural poor and compete with the private money-lenders to keep them out of the business. It becomes imperative for these rural banks to work in collaboration with the cooperatives within the limited field of credit in their region and help the rural poor, as the area of operation of the rural banks is geographically limited to a region or a district. If this is not done, the opening of these banks will not serve the purpose and the expansion of rural credit in this manner will simply add more agencies to handle the credit. The expansion of rural credit i.e., rural banks will not mean that the credit will reach the small farmer, the landless and the rural poor. The rural scene continues to be dominated by the big landlords and the rich farmers who monopolise the available credit and are the main sources of credit for the weaker sections. Only comprehensive land reform can change this situation. Within the limited field of credit, the only way to help the rural poor is to make the cooperative movement and cooperative credit societies instruments in the service of the village community as a whole by breaking the stranglehold of the big farmer on their management and operations. The Prime Minister has also suggested that these banks should take advantage of persons with experience in cooperative sector and those who are in touch with peasants and rural artisans.

The manner in which the economy had developed since independence, two significant developments have occurred in the rural credit system. One is the emergence of the rich farmer to a dominant position as the source of credit. The other is the establishment of a fairly large institutional credit net work. While impressive progress had been achieved in several spheres, the fruits of these achievements had gone to only a small section of the people. This process has to be reversed.

These banks have to operate as economic arteries of rural India. They should enable the small farmers and other sections of rural poor to make use of the fruits of science and technology to impart a new dynamism in their lives. Only with such a dynamism would an improvement in the condition of the urban poor be possible.

A POLICY FOR WATER

B. B. Vohra

A National policy for water must concern itself primarily with the optimum management of the country's renewable fresh water resources, represented by annual precipitation in the form of snow and rain. Since most of this precipitation occurs during the relatively short monsoon season, it is necessary that we must aim at its conservation to the maximum possible extent so that water may be available for agricultural, domestic and industrial uses throughout the year. Since, further, the demand for water is not only already in excess of its supply but is also growing steadily in all sectors, we must make sure that this scarce resource is used with the utmost economy, and to the best possible advantage of the community.

Before there can be any meaningful discussion of how these twin objectives can be achieved it is necessary to consider how water behaves during the terrestrial portion of the perpetual hydrologic cycle. For we can make little use of water so long as it is in the atmosphere and none at all once it has re-entered the sea—it is only so long as water remains on or within the land mass that we can use it for our own purposes.

Of the precipitation which comes into contact with the surface of the land and does not get evaporated immediately, a portion runs off as surface flow while the rest percolates into the soil. The amount of water which runs off and the amount which passes into the soil and later into the sub-soil strata in the form of groundwater depends upon a number of factors. Broadly speaking, the greater the intensity of rainfall, the greater the slope of the land and the greater its state of denudation, the greater will be the run-off and therefore the lesser the amount of water available to saturate the soil and recharge groundwater aquifers. Further, since all flowing water dislodges and carries away some amount of the top soil, it also follows that the greater the run-off the greater will be the erosive action of water.

It is extremely important that these basic facts about the interaction between precipitation and the land surface on which it falls should be properly appreciated because it is this interaction which holds the key to the understanding of almost all problems of water as well as of land management. For it is as difficult to manage siltladen waters as it is to manage lands denuded of their top soil and therefore deprived of their rightful share of soil moisture and groundwater.

Let us see why this should be so. The vicious circle of erosion has its beginnings in the destruction of the natural vegetative cover of the soil. Once this cover has been destroyed, whether by overgrazing or by the conversion of forest lands into agricultural lands, and the soil laid bare to the fury of tropical rains, it begins to lose its fertility and therefore its capacity to support vegetation. For unlike water, the soil is for all purposes a non-replenishable resource—it takes Nature anything between 500 and 1000 years to build an inch of the fertile top soil. This is why erosion becomes more difficult to control with each passing year, and is accompanied by increasing aridity because denuded land surfaces offer little resistance to run-off.

The conservation of the soil is therefore necessary as much for its own sake as for the conservation of water. It is however equally necessary for the prevention of the damage which silt-laden waters cause in a variety of ways. For sediment not only eats into the storage capacity of expensive tanks and reservoirs but also makes the management of rivers an extremely difficult affair. For the carrying capacity of rivers gets reduced as sedimentation in their lower reaches raises their beds and causes them to overflow their banks. Devastating floods and changes in the courses of rivers are thus the direct result of soil erosion. The construction of embankments and dykes for the control of floods is not only one expensive business but offers no permanent remedy since they have to

be continually raised in height to cope with the progressive rise in the level of river beds. The deposits of silt near the mouths of rivers choke bays and harbours and create acute problems of dredging and drainage in deltaic areas.

It is clear from what has been said above that a sensible water policy should concentrate on the conservation, to the maximum extent possible, of water as soil moisture and groundwater rather than, as is happening now, on the storage of silt-laden waters in gigantic reservoirs and on the construction of expensive works for containing floods which are uncontrollable because they are bound to increase in fury with each passing year if their catchments continue to be neglected.

The rich dividends which a sensible water policy—sensible because it takes account of the realities of the relationship between land and water—and is not based on a purely engineering approach—would pay and are easy to set out. Precious soil resources would be saved for the community—it has been estimated that the amount of soil which is displaced as a result of water erosion is of the order of 60,000 million tonnes annually and contains nutrients equivalent to 5.37 million tonnes of NPK. Floods, which cause losses of the order of Rs. 300 crores annually would be reduced in incidence and severity. The danger posed to tanks and reservoirs—on which thousands of crores have been invested by sedimentation would be removed. Finally, a great deal of water which is being lost to the sea would be conserved as groundwater.

The benefits which additional supplies of groundwater would confer on the community need special mention. For not only does this resource represents water in its purest natural form, but it also costs absolutely nothing to store for indefinite periods and what is more, to convey over the large distances which it travels under the surface of the ground in an effort as it were, to serve the largest possible number of people at their very doorsteps. Further, it suffers no losses by evaporation or seepage—either during storage or during transmission—such as surface waters are subject to. It is easy to tap as individual tubewells can be installed at little expense and within a matter of weeks if not in fact days. Once developed, gro-

und water is available as and when required by the user on the mere pushing of a button and therefore lends itself beautifully to the requirements of modern agriculture.

By contrast, surface water is extremely difficult to store and manage. Big projects—such as are the vogue in this country.—take decades to design and build, require large areas of precious land for submergence and for distribution systems, are subject to serious evaporation and transmission losses, and demand stupendous outlays for their completion. They also create significant problems of water-logging and drainage and thus pose a threat to the very land they are meant to serve. Their storages are exposed to the threat of siltation and their command areas require large outlays for the full development of their potential. They require large staffs for maintenance and operation but find it difficult to give full satisfaction to the farmer in the matter of supplying water as and when required. Financially such projects are still in the red—the annual losses on their operation are of the order of Rs. 150 crores. But above all, they are wasteful of water—not only do transmission losses amount to around 40% on the average, but since water is generally not charged for on a volumetric basis, the farmer is also extravagant in his use of this resource.

For all these reasons, every effort must be made to replenish ground water resources to the fullest extent possible. Apart from facilitating the natural recharge of groundwater through soil and water conservation measures, efforts must also be made to undertake artificial recharge wherever this is possible. (Thus it would be a good idea to investigate the possibility of diverting the flood waters of the Ganga into the Rajasthan desert—to make use of the groundwater storage available there—instead of thinking of taking them all the way to the Cauvery). Conditions must also be created to encourage groundwater development to the fullest possible extent by carrying out land reforms and consolidation of holdings, by undertaking scientific investigations designed to ascertain the limits of safe pumping in given areas, by providing technical advice and guidance to farmers, by arranging for loan assistance on an adequate scale and by making sure that tubewells do not remain idle on

account of lack of electricity or diesel. In situations of limited supply of groundwater, statutory powers must also be exercised to regulate development.

In an ideal situation, the planning of water conservation and use would be undertaken on a sub-catchment basis, in order to ensure that the water which flows into the main river system from each of its sub-catchments is not only free from silt but is also such as is genuinely surplus to local requirements. The calculation of local requirements would naturally depend upon the land use which is considered to be the best for the area in question and would involve a study of local soils, climatic conditions and available water resources. Arid areas should, in particular, not allow any run off to be lost and must utilise all precipitation locally—whether for growing crops or merely grasses and trees. Protection against over-grazing and over-felling must, in all sub-catchments, be undertaken alongside such measures as contour ploughing, contour terracing and bunding and the construction of gully plugs and detention weirs.

It is not difficult to imagine the dramatic change that the implementation of such an approach would bring about in the ecological environment that governs our fate as a nation. The denuded Shivaliks, the ravines along the Chambal, the Jamuna, the Sabarmati and the Mahi would become things of the past, as would the treeless and grassless slopes of the Deccan plateau and the bare hills of North Eastern India which have been stripped of vegetation by imprudent shifting cultivation. The millions of hectares of the so-called waste lands which yield nothing but silt and floods today would become important producers of grasses and trees and would contribute significantly to the replenishment of the country's groundwater resources. Our rivers would carry less sediment, and thanks to return flows from groundwater aquifers, would maintain more even flows throughout the year. Our storages would acquire new leases of life and the severity of both floods and droughts would be reduced.

All this can however become possible only if the management of our water resources is not looked at as a problem of civil engineering but as something inseparable from the total management

of our land and soil resources. If this is done, the conclusion will soon be reached that the first task before our irrigation departments today is to make the fullest possible use of the waters which have been already impounded at such heavy cost as this offers the best hope to the country for achieving self-sufficiency in food in the shortest possible time. This is however a task which requires a drastic re-orientation in the attitudes of the irrigation engineer. Instead of dreaming of building more gigantic structures he must learn to pay attention to the detailed requirements of efficient irrigation and undertake the execution of the numberless small works which are required in each command to maximise production, and to prevent the wastage of water as well as damage to the soil. To illustrate, distribution systems need to be extended in a scientific manner over tens of millions of hectares so as to reach the last field in each outlet command, fields need to be levelled and reshaped in accordance with the contours of the land, and field as well as intermediate and major drainage provided wherever water-logging is or is likely to become a problem. A comprehensive approach to irrigation problems would also induce engineers to take more than a theoretical interest in the protection of reservoirs against siltation and would involve them seriously in soil and water conservation measures in catchment areas. All these are extremely complicated tasks and present a very big challenge indeed. They will also require huge outlays, running into thousands of crores and will take decades to complete. The reconsideration of existing irrigation policies will thus not affect job opportunities for engineers in any way—if anything, it will enhance them.

The new approach suggested above will also yield some other benefits. By confronting Irrigation Departments with the total costs of projects—costs which include those of command area development and drainage as well as of reservoir protection—and by acquainting them with the difficulties in the way of planning and executing such “total” projects, it will bring them down to earth—both literally and metaphorically—and dampen their ardour for taking up big new projects even while existing projects are languishing. Such a change in attitude will be most welcome indeed

and will hopefully cure Irrigation Departments of the disease of gigantism that most of them are suffering from. For today Irrigation Departments think it below their dignity to even look at projects which cost less than Rs. 30 lakhs each—such projects are classified as “minor” and left to Panchayats and Agriculture Departments to plan and execute. Yet it is precisely such “minor” projects which are needed to be constructed in large numbers in the future if better use is to be made of our soil and water resources.

The new approach will also end the isolation in which the civil engineer has functioned so far in tackling irrigation problems—problems which by their very nature require the concerted attention of a number of disciplines. For it will no longer do to consider a project completed if the storage structure is completed and the distribution system built upto the outlet which serves blocks of land of anything upto 200 hectares. If the heavy investments made in irrigation projects are to yield the results expected of them, the agronomist, the soil scientist, the extension worker, the drainage engineer and the economist will have to sit down with the irrigation engineer and consider what would be the best cropping patterns to adopt in various parts of the command, what would be the best way of meeting the water requirements of the crops to be grown, how excess water should be drained away and how various on-farm works should be financed.

In this background, the broad features of a water policy which might suit our circumstances would appear to be somewhat as follows :

- i) All land and water management problems must be viewed as a whole, as they do constitute an indivisible whole and cannot be considered in isolation from each other. Soil erosion, denudation, droughts and floods are all symptoms of the same disease of poor land and water management.
- ii) The natural unit for the planning and execution of all land and water management programmes is the sub-catchment which must retain for local use all the water which it needs. It is only if this principle is adhered to that it will be possible to build up rational River Basin Plans on the basis of plans for each of the sub-catchments within the basin. Needless to say, such River Basin Plans will deal with land use matters as well as with the use of ground and surface water resources and the prevention and control of floods.
- iii) The conservation of water to the maximum possible extent must obviously be worked for. It must be realised however that this is possible only if the conservation of the soil is achieved as a pre-requisite. The prevention of erosion by water must therefore form a cornerstone of any water policy.
- iv) Since water is best and most conveniently conserved in the form of groundwater, high priority must be given to the replenishment of groundwater resources by natural as well as artificial measures.
- v) The maximum possible development of groundwater must be aimed at in view of the unique natural advantages offered by this resource. All the administrative, technical, financial and legal measures necessary for this purpose must be adopted as a matter of priority and the care of this resource should not be neglected any longer.
- vi) There is great scope for improvement in the working and utilisation of the potential of existing and on-going surface irrigation projects, and therefore for a quick increase in our agricultural production. Priority attention must accordingly be given to the investigation of shortcomings in each project and thereafter to their rectification. Steps must also be taken to make each project financially viable.
- vii) New surface irrigation projects must be investigated with great care and steps taken to avoid the mistakes noticed in the planning and execution of similar projects in the past.
- viii) Land and soil are our most precious non-renewable resources and must on no account be allowed to be damaged by water in the form of floods or waterlogging.

- ix) Water must be used with the utmost economy, whether for agricultural, industrial or domestic purposes. It must also be protected against pollution by agricultural, industrial or municipal wastes. Recycling techniques must be investigated and adopted wherever possible.
- x) The problems of water management are,

by their very nature, not such as can be tackled by any single discipline. All the disciplines concerned with good land and water management should be brought under new integrated Departments of Land & Water both at the Centre and in the States.

- xi) Water is a national asset and must accordingly be placed in the Concurrent List.

ICA REGIONAL OFFICE BUILDING AT NEW DELHI NAMED BONOW HOUSE

THE ICA Central Committee at its meeting in October 1975 held in Stockholm had decided to name the building of the ICA Regional Office and Education Centre for South-East Asia at New Delhi BONOW HOUSE in recognition of the

great work done by Dr. Mauritz Bonow, former President of the ICA.

H. E. Mr. L. Finnmark, Swedish Ambassador (5th from left) with Mr. P. E. Weeraman, ICA Regional Director for S-E Asia (3rd from left) and some staff members of the Regional Office

Following the decision of the ICA Central Committee, the ICA Regional Office and Education Centre building at New Delhi, was named BONOW HOUSE in a simple but solemn ceremony held on 2nd February 1976. The meeting was presided over by Shri R. G. Tiwari, M.P., President of the National Co-operative Union of India. The Swedish Ambassador for India, H. E. Mr. L. Finnmark unveiled the name of the building. Mr. P. E. Weeraman, Regional Director for South-East Asia of the ICA, welcomed the guests. Mr. S. S. Puri, Additional Secretary, Ministry of Industries and Civil Supplies, Government of India, who represented the Government of India, also addressed the meeting.



SHETKARI SAHAKARI SANGH KOLHAPUR

(A Saga of Progress)

D. G. Jadhav

COOPERATION is democratic business. In the Lincoln's style—it is the business of the people, for the people and by the people. It is so in Kolhapur, a beautiful town, with a historical backdrop and cultural prominence in Maharashtra. It is in this city the Shetkari Sahakari Sangh took birth in the year 1939. The Sangh has now become a part of the life of the farming community of the district in general and the residents of the city in particular. Kolhapur now tells us how a society, which had the sole aim of promoting cooperative marketing of agricultural produce so as to save its members from the clutches of traders, commission agents and money lenders, with sincere devotion to a cause, efficient management and above all, self-imposed discipline could cater not only to the various needs of the people, but also become a part of their life. In fact, the Shetkari Sahakari Sangh (SSS) is a classic example of a progressive cooperative. It is the saga of a cooperative society which, side by side, undertook multifarious activities in order to provide the people with their necessities of life.

With the march of time the Sangh amended its bye-laws to undertake activities other than handling of agricultural produce, such as purchase and sale of seeds, agricultural requisities and implements, transportation of agricultural produce, construction of godowns and accept goods for storage, processing of agricultural produce, opening of consumer stores, collection and dissemination of information relating to agricultural operations, marketing intelligence etc. The objects as outlined above did not remain on paper, but were translated into reality by enlightened and dedicated members of the Board and its devoted officials.

Marketing of Agricultural Produce

Though the Sangh was started mainly with object of promoting cooperative marketing of agricultural produce, its activities and operations have branched out to an increasingly wide variety of new lines of business. However, its main activity still continues to be marketing of agricultural produce. Upto 1948, it was the only marketing society in the district. Although, in recent years, the whole district is covered and served by Taluka Marketing Societies (purchase and sale Unions), the Sangh continues to be the most prominent marketing society in this district.

The main agricultural produce handled by the Sangh is jaggery (Gur). It has been operating in the Kolhapur Market, perhaps the biggest assembling market for jaggery in India, right from its inception. This business is being handled by the Sangh both on commission basis and through outright purchases. During the first year of its working, only few cartloads of jaggery were sold by the Sangh in its Adat Shop. Since then there has been tremendous increase in its business on both the accounts.

The most important factor that led to its success is its role in shifting from the earlier congested market to a new market yard. The Government of Bombay had published a notification in the Gazette that trading in jaggery should start in the new market with effect from 1st December, 1958. The private trading interests were opposed to this and pressed for the continuance of trading in the old market place. They threatened to dissociate themselves from trading in the new market yard. The Sangh was convinced that regulation of the market could

not be effective without shifting trading to the suitably planned new yard. It assured full cooperation and support to the Government in its resolve to shift the trading to the new market yard. The private trading interests refused to cooperate. The Sangh, therefore, announced its decision to purchase all the jaggery brought by the agriculturists to the new market yard and started trading. Eventually the private trading interests had to yield and start trading in the new market yard which is one of the most spacious, well-planned and developed market yards in the country today. The Sangh thus played a monumental role in making regulation of marketing effective in the Kolhapur market by its timely and bold venture. This created confidence in the growers about the ability of the Sangh to help them get all the benefits of regulated market.

The Sangh has constructed 3 big sale halls-cum-godowns in the market yard and has set up about 15 shops in the market for 'Adat' i.e. commission business and for outright purchases. The adat shops are run with a view to effecting quick sales by auction. The jaggery which arrives at the market is graded and auctioned. Sales are effected every day and as such the agriculturists get the benefit of market fluctuations and quick disposal of their produce.

The commission business is so large that the Sangh has to restrict its business in respect of outright purchases. The Sangh handles about 10 per cent of the total arrivals of jaggery in Shahu market yard, Kolhapur.

The Sangh provides advances to its members for the jaggery given to Sangh for sale on commission basis and also helps them to get loans from the Cooperative Banks. After the sales are effected the loans provided by the bank/society are recovered. Linking of credit with marketing is thus achieved in the best possible way.

Groundnut

The Sangh also makes outright purchases of groundnut from Wadgaon market for its own oil mill at Wadgaon.

Tobacco

Sale of tobacco crop was also brought within the purview of regulated market recently. Earlier this trade was entirely in the hands of private trade. The Sangh entered this trade also and handled tobacco worth Rs. 1.07 lakhs in 1975.

Procurement of Foodgrains

The Sangh also acts as the agent of the State Cooperative Marketing Federation for procurement of paddy, jowar and bajri in respect of Karvir, Gaganbada, Sahuwadi and Chandgad Taluks of Kolhapur district by opening its purchase centres. This work has been handled on commission basis.

Inter-State and Intra-State Trade

The Sangh is running its own fair price shops. In order to make available foodgrains at cheap rates at the time of shortages, the Sangh purchases wheat, jowar, bajri, maize and pulses from important mandies in the State and from other States such as Madhya Pradesh, Rajasthan etc.

The Sangh has also undertaken sale of jaggery outside the State. The jaggery produced in Kolhapur has a very good market in Gujarat State.

Processing of Agricultural Produce

As mentioned earlier, Sangh purchases groundnut from the Wadgaon market on outright purchase basis. Wadgaon market is famous for superior type of groundnut. Prior to the entry of the Sangh in this business, the trading in groundnut was dominated by the private traders who managed to keep the prices down and as a result the poor agriculturists had to suffer. The processing work was undertaken from January, 1953. About 450 bags of groundnut is processed per day. This work continues in all the three shifts for about 6 months. The oil produced is of high quality and, therefore, is in good demand in the local and Bombay markets. As the groundnut cake is also of high quality, it is used by members as cattle feed.

The Sangh has also undertaken chilly powdering. Granulated fertilizer is prepared in its own Granulated Fertilizer Plant at Rukadi. There is an

increasing demand for the products of the Sangh, because of their superior quality.

Transport of Agricultural Produce and Other Consumer Goods

The Sangh maintains a fleet of trucks and tankers. The trucks are used for supply of foodgrains, fertilizer, sugar etc. to branches and centres of the Sangh throughout the district. The trucks are also utilised by the members to bring their agricultural produce to the nearest assembling market for sale, whereas tankers are utilised for supplying diesel oil, kerosene etc. for sale to members and non-members at the branches and centres of the Sangh.

In addition to above, the Sangh is engaged in a number of other activities for the benefit of the consumer. It is running cloth shops for readymade garments, utensil shops, medicine shops, book stalls, fair price shops for foodgrains and other necessities of life. It has also its own printing press which has won laurels in printing competitions.

The multifarious activities undertaken by the Sangh has tremendously increased the spectrum of its business operations. The total membership has increased from 2,000 in 1950 to 25,000 in 1975 and share capital from Rs. 1.53 lakhs to Rs. 27.20 lakhs. Its reserve and other funds now stand at Rs. 126.93 lakhs. The goodwill and the trust created by the Sangh in the minds of thousands of its patrons would be seen from the tremendous leap the sales has taken. The total sales of Rs. 28.28 lakhs in 1950 rose to a towering height of Rs. 4130.41 lakhs in 1975.

The Sangh is truly an example of how a marketing society should be organised and run. By successfully handling a large variety of economic activities it has greatly contributed to the cooperativization of the economy of the district. For the people, the Kolhapur Shetkari Sahakari Sangh is part of their life. For the future generation it has the lesson that self-imposed discipline, spirit of service and sacrifice are the pillars of cooperative movement. It is, for others, an example worthy of emulation.

CONGRATULATIONS

SHRI K. Subramanian, Private Secretary to the Managing Director, who is with us since 1964, was deputed for a Diploma Course in Cooperative Marketing conducted at the Cooperative Training College, Bangalore from 20.10.1975 to 27.12.1975. Shri Subramanian, a post-graduate in Commerce of the Delhi University, not only secured 1st Class, but also topped the list of successful candidates. Our hearty congratulations.

Picture shows Col. Kumar, Leader of the successful Trisul Skiing Expedition presenting the flag of National Cooperative Development Corporation, which the Team had carried to the top, to Shri A. C. George, Minister of State, Ministry of Industry & Civil Supplies (Deptt. of Civil Supplies & Cooperation).

THE successful Trisul Skiing Expedition led by Col. N. Kumar, today called on Mr. A. C. George, Minister of Civil Supplies & Cooperation, to thank him for the assistance given by the co-operatives, to the Expedition. The Leader presented the flag of the National Cooperative Development Corporation, which the Team had carried to the top, to Mr. George.

Addressing the gathering, Mr. George said that the cooperative movement of India, which was spread over every nook and corner of the country



NCDC AND COOPERATIVES TO SPONSOR AN EXPEDITION TO KANCHENDZONGA—1977

Shri A. C. George, evincing keen interest in the equipment used by the Team.



would continue to play an active role, in promoting youth and nation-building activities. He announced that the National Cooperative Development Corporation, in association with the national level Cooperative institutions of the country has decided to sponsor an Expedition in 1977, to Kanchendzonga, the highest mountain in India, and the third highest in the World. Kanchendzonga has been climbed once only, in 1955, by a British Expedition. After Everest, this remains the biggest challenge for Indian Mountaineering. Mr. George was confident that Indian Mountaineers, who had built up a lot of expertise would succeed in scaling the peak.

Since this major venture would entail a great deal of planning, a Sponsoring Committee is being formed with Mr. George as Chairman, and Mr. M.S. Gill, Managing Director, National Cooperative Development Corporation and Member of the Indian Mountaineering Foundation, as Secretary, to start work on the project immediately.

CENTRAL TEAM'S VISIT TO SIKKIM TO ASSESS THE WORKING OF COOPS. MOVEMENT AND ITS DEVELOPMENT

A Central Team of senior officers of the Union Department of Civil Supplies & Cooperation and National Cooperative Development Corporation visited Sikkim from 12th to 16th April, 1976. The Team was led by Shri S. S. Puri, Additional Secretary, Department of Civil Supplies & Cooperation. Other members of the Team were as follows :

- i) Shri M.S. Gill,
Managing Director,
National Cooperative Development Corporation.
- ii) Shri N. Krishnamurthi,
Chief Director,
Department of Civil Supplies & Cooperation.
- iii) Shri R.V. Gupta,
Secretary,
National Cooperative Development Corporation.

The object of the Team's visit was to generally consider the present status and problems of cooperative development in Sikkim and in particular to examine the extent and the manner in which the NCDC could provide assistance for development of cooperative marketing and processing structure. Another object of the Team's visit was to generally examine the Civil Supplies arrangements and particularly the role of cooperatives. Finally the Team was concerned with some of the problems relating to cooperative legislation.

Record of field visits and discussions

During its stay in Sikkim, the Central Team visited all the four districts in the State and had discussions with members of local cooperatives, Members of State Legislature and officials of the State Government at the district and State level. The Team also had the benefit of discussions with

the Hon'ble Minister for Cooperation and His Excellency the Governor of Sikkim.

On 13th April, 1976, the team met the district officials, MLAs, representatives of six primary credit societies and chairman of the local consumer cooperative society of the South District at Namchi. The representatives of the primaries stated during the discussions that the quantum of loans received at present by the societies from the Government is inadequate and it is also not available in time for cultivation. Non-defaulter members do not also get any fresh loans if the society did not repay in full the loans to the Government.

Orange is an important cash crop in the area but the cultivator does not get the full benefits of the crop owing to lack of adequate marketing arrangements. It was stated that orange orchards are sold out years in advance to businessmen who advance loans to the farmers at high interest rates. The local representatives felt that organisation of multi-purpose societies would go a long way in providing the required credit and other essential requirements of the farmers in time according to their capacity and needs. They also suggested establishment of a cold storage in the area. There is adequate potential for dairy but the need for supply of better quality cows was stressed. The representatives also emphasised the need for a comprehensive member education programme.

At Gyalshing, on the 13th, the team met the local MLAs and representatives of a few primary credit societies. The main crops in the area are orange, ginger and potatoes. The only activity of the primaries is distribution of loans to members. It was stated by the representatives of Chakun primary society that about 20,000 tonnes of ginger is exported through the Sikkim Trading Corporation. The main problems in the area are lack of adequate marketing infrastructure and inadequacy of loans for cultivation.



Pictures on this page show the delegation led by Shri S.S. Puri, Vice-Chairman, N.C.D.C., to Sikkim in discussion with the States Cooperative Registrars, Members of State Assembly and prominent cooperators and farmers.

On the 14th, the Team visited Mangan where the team had discussions with the local society representatives, the district officials, the local MLAs and the M.P. This area apart from the West, has the major cardamom production and thus has great potential for development. Owing to the varying altitudes, communication problems and the shifting population in some of the higher altitudes, the problems of organised development are highly pronounced. Majority of the fair price shops in the State are located in this district. These shops provide the essential consumer articles to the people registered with them on credit. The loans are collected from the farmers in terms of cardamom. We visited the Kabi Fair Price Shop on our way to Mangan. It has its own building and has a salesman and a chowkidar. The overdues with these shops are generally high. The credit from these shops does not carry interest; establishment charges are added to the original amount of credit and in case of default a penal interest of 2 per cent is charged on the customers.

The cooperatives, other agencies of the Government in the Departments of Agriculture and Animal Husbandry and the State Trading Corporation advance loans to the farmers. It was felt

that a single agency should be able to provide the loans in required amount in season. The idea of a multi-purpose society dealing with credit, marketing, supplies and dairy was welcomed. The District Officer informed that marketing and supplies have been major problems in the areas; and for this a weekly bazar has been started since February last.

It was stated that Jangu is a protected area and has problems of communication. There is one consumer cooperative society in the area but one society in Dikchu to serve the south and another at Tsunthang to serve the upper regions would be essential. Being a protected area, outside traders are not allowed to enter this region and to ensure this, committees have been formed in the area. In



Phensong, cardamom and paddy are produced. There is demand for fertilisers, and suphala 15:15:15 is sold. Fertiliser distribution is done through the VLWs. For cardamom, the farmer gets around Rs. 200 per maund. The STC grants an amount of Rs. 180 as loan per head and this is repaid in kind by the farmer. It was stated that about 75 per cent of the STC loans has been recovered. The drying process for cardamom has to be improved and standardised. This would help in establishing uniform quality and fetching a reasonable price for the grower.

While at Gangtok, the Team visited the Denzong cooperative marketing society and the Sikkim Wholesale Consumer Cooperative Society. Even though the area of operation of the Wholesale Consumer Cooperative Society extends to the whole of Sikkim its members are mostly from Gangtok. This society has within a short time, established a business turnover of over Rs. 15 lakhs. Under the Centrally Sponsored Scheme, an amount of Rs. 3.68 lakhs has been received and the Government of Sikkim has provided a sum of Rs. 2 lakhs. No bank accommodation is accordingly required at the movement.

OPERATIVE CONCLUSIONS

Cooperative legislation

The Study Team on Institutional Arrangements for Agricultural Credit in Sikkim have recommended the conversion of the State Bank of Sikkim into the Sikkim State Cooperative Bank Ltd. At present the Cooperative law in operation is the Sikkim Cooperative Societies Act, 1955. This Act does not have a specific provision, or condition, for the registration of federal societies. The Act also does not provide for membership of the State Government in Cooperative Societies. The present Act would, therefore, have to be modified. The Team considers the balance of advantage would lie in having two separate legislations; the first dealing with the State Cooperative Bank, and the second with other societies. This is being suggested in view of the fact that the State Cooperative Bank would have some distinct features, as compared to similar banks in other parts of the country.

The Department of Civil Supplies & Cooperation in the Ministry of Industry & Civil Supplies, Government of India, would assist the Government of Sikkim in preparing drafts for both these Acts.

Formation of an Apex Marketing-cum-Consumer Federation

At present, the State Government is performing certain commercial functions in the spheres of food articles, consumer goods and fertilizer. The Team would suggest that all such commercial functions are taken over by a State Apex Marketing-cum-Consumers' Federation. This Federation would have all primary and consumers societies as its members.

Specifically, in the first instance, the apex would handle foodgrains, consumers goods and fertilizer. It would also need to have storage godowns at various central points. While the detailed financial requirements would be separately examined by the National Cooperative Development Corporation, the Team's assessment is that the State Marketing Federation would initially require the following assistance.

i) Share Capital	Rs. 10.00 lakhs
ii) Margin money for distribution of fertilizer	Rs. 5.00 ,,
iii) Assistance for construction of godowns	Rs. 10.00 ,,
Total :	Rs. 25.00 lakhs

Agricultural

The main agricultural crops are potato, ginger, cardamom and orange. Basic data relating to orange and cardamom needs to be considerably supplemented through a detailed market survey. This survey would go into all aspects of the present marketing systems and suggest ways and means by which, through cooperative marketing, the return, in terms of price to the grower, could be increased. It was agreed that the NCDC would commission surveys for these two crops during 1976.

The terminal markets for ginger and potato are in Calcutta. At present, the trade is entirely in the hands of private sector. It was agreed that during the 1976 crop season, the National Agricultural Cooperative Marketing Federation would consider undertaking the purchase of potato and ginger in Sikkim.

Keeping in view the production of potato, the NCDC would examine the feasibility of establishing a cooperative cold storage. Subject to feasibility and viability, the NCDC would provide financial assistance for this project.

Particularly in the sphere of audit, a need was expressed for deputation of experienced staff. It was agreed that the Government of India would, on a specific request assist the Sikkim Government in obtaining the services of suitable persons from other States.

NCDC CONVENES ALL INDIA CONFERENCE OF COOPERATIVE SUGAR MILLS

THE National Cooperative Development Corporation organised the first All India Conference of Cooperative Sugar Factories in production on 11th & 12th May, 1976 at New Delhi. The Conference was attended by about 215 delegates representing 63 cooperative sugar factories in production, representatives of States and National Federations of cooperative sugar mills, State Governments, connected Departments of Central Government and financial and research institutions.

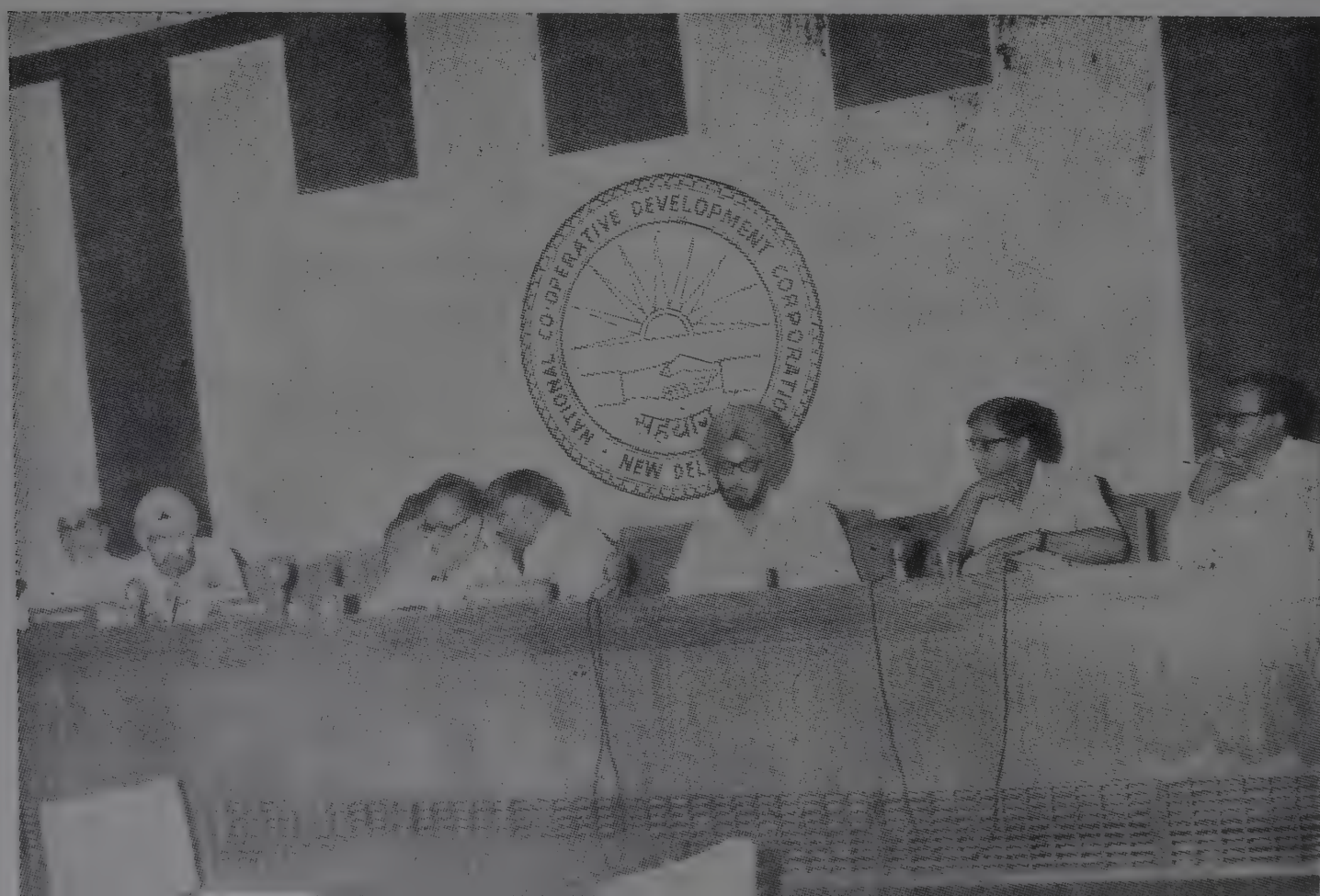
The Conference was presided over by Shri A. C. George, Union Minister of State for Civil Supplies & Cooperation and in his absence by Shri S. S. Puri, Additional Secretary, Department of Civil Supplies and Cooperation and Vice-Chairman, Board of Management, NCDC.

Shri A. C. George, in his presidential address, pointed out that the Conference of Sugar Factories was being held for the first time to take stock of what had happened and chalk out future programme. He appreciated the response from the sugar cooperatives to the Conference. He pointed out that the new units have been left out of the

ambit of this Conference because those units required special attention and a separate Conference would be necessary for them. He referred to the commendable work done by sugar cooperatives particularly in the field of mobilisation of internal resources socio-economic contribution. The progress had, however, not been uniform in all the States. He observed that the working of cooperative sugar factories could not be looked upon the basis of balance-sheet alone but on the basis of overall contribution in a more broad way.

The Conference was also addressed on the 12th May by Shri T. A. Pai, Minister of Industry & Civil Supplies. He commended the role of sugar cooperative in rural resource mobilisation and services rendered in area development. He suggested more social responsibility to be assumed by the cooperative sector. He pointedly referred to the need of efficient management which could deliver the goods and that NCDC which was responsible for promoting industries should get the arrangement made for the training of personnel at various levels. He also remarked about the inter institutional cooperation and suggested that the well

A view of the conference, Shri T. A. Pai and Shri A. C. George are seen discussing an important point.



established factories should extend financial and other help to the new units even in other States, besides developing proper linkage with consumer cooperatives. He laid emphasis on capacity utilisation and the maintenance of machinery. He also referred to a decision for allowing cooperative sector factories for expansion, depending upon the availability of cane, because this was more suited to our economy as the same results could be achieved with less investment. He suggested to the Conference to help the factories for taking up production of industrial alcohol for export.

The following conclusions were arrived at and the recommendations made at the Conference :

General Progress of Working of Cooperative Sugar Factories

A Cooperative Sugar Mill, which is conceived eventually as a processing cooperative of cane-growers should aim at obtaining entire requirements of its cane from its grower members. The tendency in vogue in some States to receive their cane requirements from non-members should be arrested. Necessary steps should be taken to enrol as members all those who supply cane.

In case of new cooperatives which are setting up sugar factories, the State Governments may have the power to nominate the entire Board of Management of Directors initially for a specified period, say, five years. Thereafter the following guidelines issued by the Central Government to the States should be followed :

- (i) In cooperative societies where Government share holding is either nominal or limited (not exceeding 1/3rd of the total equity), Government should not have the power to nominate any representative on the Board of Directors.
- (ii) In cooperative institutions where Government share holding is between 1/3 and 2/3 of the equity, the Government may have the power to nominate its representatives on the Board of Directors subject to the stipulation that the number of such persons shall not exceed 1/3 of the total number of the Board of Directors or three,

whichever is less.

- (iii) In cooperative institutions where Government share holding exceeds 2/3 of the total equity, the Government may have the right to nominate its representatives on the Board of Directors subject to a maximum of 1/2 of the total or 5, whichever is less.
- (iv) There should be no provision for nomination of the Chairman.
- (v) Experts in different fields and Officers with the requisite experience and back-ground should alone be nominated as Government Directors.

A distinction should be made between democratic control and professional management. Cooperative sugar mills, besides appointing professional managers, should also adopt professional management practices and delegate adequate powers relating to day-to-day management to the professional managers.

Some cooperatives have difficulty in obtaining the services of qualified technical and managerial personnel. The National and State Federations of Cooperative Sugar Factories should consider maintaining pool of personnel for making available suitable qualified personnel to individual Cooperatives.

The N.C.D.C. may consider modifying its technical and promotional Cells Scheme for increasing the strength of technical and promotional Cells and also to raise the scales of pay for various categories of personnel to attract suitable candidates.

The NCDC and the National Federation of Cooperative Sugar Factories should work out, in consultation with State Federations, an annual target for production of sugar in the Cooperative Sector and also monitor the functioning of the various cooperatives sugar mills with a view to reaching the targets and ensuring fuller utilisation of the installed capacity of various units.

There was general dissatisfaction with the policy of levy sugar price fixation. It was not that the National Federation is representing against the policy of the Bureau of Industrial Costs & Prices.

Technical Performance of Cooperative Sugar Factories

A Technical Seminar should be convened by the National Federation of Cooperative Sugar Factories to consider *inter alia* extensive adoption of the new technique of "Ion Exchange" by Cooperative Sugar Factories. A more intensive monitoring of technical performance of cooperative sugar factories should be undertaken by the National Federation and also State Federations of Cooperative Sugar Factories. The assistance of National Sugar Institute, Kanpur, and the Deccan Sugar Institute should also be sought for effective technical audit and for improving the technical efficiency of the cooperatives.

Capital formation and financial management

The importance of resource mobilisation from members with a view to improving the debt-equity ratio as also to facilitate prompt servicing of debts from term financing institutions was emphasised.

The following broad guidelines were suggested for general adoption :

- (a) Non-refundable deposits should compulsorily be collected until such time as term loans are outstanding.
- (b) Non-refundable deposits of a member should be converted into share capital as soon as the amount equals the face value of a share.
- (c) Conversion of non-refundable deposits equity should be continued till a debt equity ratio of 1 : 1 is reached.
- (d) After a debt-equity ratio of 1 : 1 is reached and Government share capital repatriated, it may be open to a society to continue to collect and pay interest on non-refundable deposits. The rate of interest on N.R.D. should not exceed the lending rate of term-lending institutions.

Greater attention should be paid to inventory control, so as to reduce the requirements of working capital and also effective reduction in the ultimate cost of production of sugar.

Sugar Factories should adopt modern techniques of management like budget control, inventory control and management reporting system.

A uniform accounting system should be introduced for cooperative sugar factories to facilitate inter-cooperative comparisons and to monitor their performance. The National Federation should formulate guidelines in this regard.

The Chief Accounts Officer/Chief Finance Manager should be associated increasingly with decision-making powers in a cooperative sugar factory to introduce element of cost consciousness in such decisions.

Cane Development, Harvesting & Transport

Cane Development is of crucial importance for benefiting the farmers as also the sugar factories. Better yields and improvements in quality of cane would ensure larger returns to the farmers and also help the factory to substantially improve its overall performance. It is, therefore, of utmost importance that every cooperative sugar factory should have competent and adequate cane development staff under a qualified Chief Cane Development Officer who should be a head of the department like Chief Chemist and Chief Engineer.

In respect of new cooperative sugar factories, initial expenditure on cane development should form part of the capital cost of the project.

The cooperative sugar factories should play more effective role in reaching credit and other inputs to the cane growers in the area. The possibility of getting credit from commercial banks should be explored wherever necessary.

To avoid over-lapping of areas of operation of neighbouring sugar factories and to enable cooperatives to concentrate on cane development in their respective areas, it is necessary that the sugar-cane area of a cooperative should be well-defined and demarcated. This is particularly necessary in States like Maharashtra where there is over-lapping of jurisdiction of different factories.

The Sugar Enquiry Commission had complemented the cooperatives in Maharashtra and

Gujarat for introducing the system of harvesting and transporting of cane by factories themselves, which has distinct advantages to the cane growers as well as to the factories. This system of harvesting and transportation of cane from the field of growers by the Cooperative themselves, should be extended to other States also.

The harvesting of cane should be organised on the basis of maturity so that recovery in sugar mills could be increased.

Socio-economic aspects of cooperative sugar factories

While noting the stock contribution made by cooperative sugar factories to socio-economic development of their areas including opening of schools, establishing hospitals and development of irrigation facilities, particularly in States like Maharashtra, the following recommendations were made to further strengthening the socio-economic development in their areas :

- (i) Each cooperative sugar factory draw up an area development programme with specific reference to exploitation of ground water resources, agricultural extension, education and medical facilities.
- (ii) Funds for area of development should be provided by cane growers through deduction from cane price. The cooperatives should also contribute from out of its profits.

Utilisation of sugar bye-products

By improving thermal efficiency, a cooperative sugar factory can save more bagasse. The possibility of establishing mini-paper plant to utilise the surplus bagasse should be considered at suitable places.

There is need for further diversification of activities for utilisation of press mud. To begin with one or two pilot projects may be taken up by select good working cooperatives.

STAFF PROMOTIONS AND APPOINTMENTS

Shri S. T. Awatramani, promoted as Deputy Director (Tribal) w.e.f. 18-2-1976.

Shri. S. K. Sood, promoted as Assistant Director (P & C) w.e.f. 18-2-1976.

Shri Bhagwan Das promoted as Assistant Director (Sugar) w.e.f. 18-2-1976.

Shri K. K. Mehra appointed as Technologist (Ref.) w.e.f. 5-5-1976.

Shri P. K. Choudhury, Deputy Registrar of Cooperative Societies Assam, joined as Regional Officer (Gauhati) w.e.f. 1-6-1976 (on deputation).

Shri Yog Kumar, Deputy Manager, Cotton Corporation of India joined as Deputy Director (P) w.e.f. 14-6-1976 (on deputation).



Master Gulshan Sharma, son of Smt. Shyam Kumari (Plan & Coord. Section), receiving prize from the hands of Shri S. S. Puri, Additional Secretary, Department of Civil Supplies and Cooperation and Vice-Chairman of Board of Management of National Cooperative Development Corporation

NCDC Staff news

THE Corporation entered into the fourteenth year of its existence. As usual, the Staff Club celebrated the day by organising indoor games and field events in which the young and the old vied with each other to exhibit their skill in their pet events.

The celebrations culminated with the organising of a Cultural Evening where, among others a social drama "PAISA BOLTA HAI" fully cast by the staff of the Corporation was staged. Some of the staff, particularly the new comers, played their respective parts with professional skill which won them alround applause.

Shri S. S. Puri, Additional Secretary, Department of Civil Supplies & Cooperation and Vice-Chairman Board of Management of the Corporation who was the Chief Guest at the function, distributed the prizes. In all, 102 prizes were distributed among the participants.

Shri S. S. Puri, Vice-Chairman of the Board of Management, NCDC with the members of Dramatic Association and the participants in the drama "Paisa Bolta Hai".



FROM HERE AND THERE

Assistance to Pesticides Formulation Units

NCDC sanctioned a loan assistance of Rs. 6.14 lakhs to the State Government of Madhya Pradesh for establishment of a pesticides formulation unit at Katni at an estimated block cost of Rs. 8.77 lakhs by the Madhya Pradesh State Cooperative Marketing Federation.

The Corporation also sanctioned a loan assistance of Rs. 2.597 lakhs to the State Government of West Bengal for establishment of a pesticides formulation unit at Memari by West Bengal State Cooperative Marketing Federation.

Financial Assistance for Fruit Processing Units

NCDC rendered a loan assistance of Rs. 22.50 lakhs and a subsidy of Rs. 7.50 lakhs to the Government of Himachal Pradesh for assisting the Himachal Fruit Growers' Cooperative Marketing and Processing Society Ltd., Simla for establishment of a Fruit Processing Unit at Jabli.

The Corporation sanctioned a loan of Rs. 4.94 lakhs to the Government of Himachal Pradesh for marketing of fruits by the Himachal Fruit Growers Cooperative Marketing and Processing Society Ltd. The Society proposes to market 80,000 boxes of apples and forward another 6 lakh apple boxes as forwarding agent.

The Corporation also rendered a loan assistance of Rs. 3.60 lakhs and a subsidy of Rs. 1.20 lakhs to the Government of Assam for assisting the Fulertal Agricultural Products Processing and Marketing Cooperative Ltd., for establishment of a Fruit Processing Unit at Fulertal.

NCDC reimbursed the balance amount of Rs. 2.53 lakhs to NAFED for establishment of the

Multi Commodity Fruit and Vegetable Processing Unit at Delhi. Earlier the Corporation rendered an assistance of Rs. 6.65 lakhs to this unit.

Feasibility Report for a Mango Processing Unit in Punjab

NCDC sanctioned an amount of Rs. 5,200, as subsidy to the State Government of Punjab for preparation of a feasibility report for establishment of the Mango Processing Unit in Gurdaspur District by M/s. Punjab Industrial Consultancy Organisation.

Rubber Processing Unit in Kerala

NCDC reimbursed a loan assistance of Rs. 6.21 lakhs to the State Government of Kerala for the establishment of a processing unit for the manufacture of latex crepe rubber by the Kaduthuruthy Cooperative Rubber Marketing Society Ltd., at Kaduthuruthy, Kottayam District Kerala.

Financial Assistance to Fisheries Cooperatives

NCDC sanctioned loan assistance of Rs. 0.95 lakhs and Rs. 0.47 lakhs for establishment of two fish curing units by the Malpe Fishermen's Cooperative Society Ltd., at Malpe and by the Aghanashini Coastal Fishermen's Cooperative Society Ltd., at Tadri respectively.

The Corporation released an amount of Rs. 4.29 lakhs being the reimbursement to the State Government of West Bengal for the development of inland fisheries in the District of Nadia, West Bengal. The total assistance given by the Corporation is Rs. 17.15 lakhs to this project.

The Corporation reimbursed an amount of Rs. 0.52 lakhs to the State Government of Karna-

taka for the establishment of a Plate Freezer by the South Kanara District Cooperative Fish Marketing Federation Ltd., Mangalore.

National Cooperative Development Corporation sanctioned a loan assistance of Rs. 4.77 lakhs to the State Government of Gujarat for setting up processing plants of Bombay ducks and marine eels and dhoma meat at a total cost of Rs. 7.95 lakhs by Gujarat Fisheries Central Cooperative Association Ahmedabad.

Establishment of Cooperative Cold Storage

NCDC reimbursed a loan assistance of Rs. 7.60 lakhs to the State Government of Jammu and Kashmir for setting up a Cooperative Cold Storage of a 1,000 tonnes capacity with Ice Plant of 6 tonnes per day by the Bisnah Cooperative Marketing Societies Limited at Bisnah.

National Cooperative Development Corporation released an amount of Rs. 11.36 lakhs to the State Government of Bihar as reimbursement finance towards the block loan assistance released by the Bank to the Bihar State Cooperative Marketing Union Ltd., for the establishment of a cold storage plant of 2,400 million tonnes capacity at Patna.

NCDC sanctioned a loan assistance of Rs. 8.15 lakhs to the Punjab Government for establishment of a cold storage unit at Jullundur by the Punjab State Cooperative Marketing Federation Ltd.

The Corporation also sanctioned a loan assistance of Rs. 2.255 lakhs to the State Government of Uttar Pradesh for setting up a cold storage plant by the District Cooperative Federation at Baharaich.

NCDC reimbursement a sum of Rs. 1.94 lakhs towards the block loan assistance released by the State Government of Himachal Pradesh as ways and means advance to the Himachal Cooperative Cold Storage Limited, Nagrota Bagwan, District Kangra for the establishment of a cold storage of 1,000 M.T. capacity alongwith ice plant.

Share Capital Participation in Cooperative Spinning Mills

NCDC sanctioned Rs. 17.03 lakhs as loan to the

Government of Andhra Pradesh towards reimbursement against its release of Rs. 34.06 lakhs to the share capital of the Adilabad Cotton Growers Cooperative Spinning Mills Ltd., Adilabad.

Central Testing Laboratory at Bombay

National Cooperative Development Corporation released a grant of Rs. 4.07 lakhs to the all India Federation of Cooperative Spinning Mills Limited, Bombay, for setting up a Central Testing Laboratory at Bombay.

Cooperative Cottonseed Processing Units in Punjab

NCDC sanctioned an amount of Rs. 17.895 lakhs—Rs. 8.954 lakhs for establishment of a cottonseed processing-cum-oil mill and Rs. 8.941 lakhs for a Solvent plant-cum-washery unit. Both the units are at Gidderbaha and established by Punjab State Cooperative Supply & Marketing Federation Limited.

The Corporation also reimbursed Rs. 25 lakhs, a loan advanced by Punjab State Cooperative Bank Ltd., for establishment of a groundnut oil complex viz., an oil mill based on 50 tonnes of groundnut, solvent plant based on 50 tonnes of oilcake and a vegetable oil refinery unit of 10 tonnes per day of 24 hours capacity by the Punjab State Cooperative Supply and Marketing Federation Ltd., (Markfed), Chandigarh at Kapurthala.

Assistance for Purchase of Transport Vehicles

NCDC sanctioned a loan assistance of Rs. 11.20 lakhs for purchase of transport vehicles by Girijan Cooperative Corporation, Visakhapatnam, Andhra Pradesh, for development of cooperative marketing, processing, supplies and storage in Tribal Areas.

Vegetable Oil Refinery Unit in Karnataka

NCDC rendered a loan assistance of Rs. 7.168 lakhs for establishment of a vegetable oil refinery unit by Farmers' Cooperative Oil Seed Processing Society Ltd., at Binkadakatti, District Dharwar.

Jute Baling Units in West Bengal

NCDC sanctioned Rs. 4.646 lakhs, Rs. 3.876

lakhs as loan and Rs. 0.77 lakhs as subsidy to the State Government of West Bengal for assisting their four large-sized agricultural Cooperative marketing societies, for setting up of Jute Baling Unit and Transit Godowns at Mathabhanga, Kandebar and Nandanghat.

Establishment of a Modern Rice Mills

NCDC sanctioned a loan assistance of Rs. 4.55 lakhs to the Government of Madhya Pradesh for establishment of a Modern rice mill of one tonne per hour capacity at Katangi by Katangi Cooperative Marketing Society Ltd., District Balaghat.

Participation in Share Capital of Cooperative Sugar Factories

NCDC sanctioned an amount of Rs. 45 lakhs to the State Government of Karnataka towards share capital contribution to Bhadra SSK Ltd.

The Corporation rendered a loan assistance of Rs. 63 lakhs to the Government of Uttar Pradesh for participation in share capital of Kisan SCM Ltd., at Bilaspur.

National Cooperative Development Corporation sanctioned a total amount of Rs. 22.65 lakhs to the Maharashtra Government towards share capital contribution to their six Cooperative Sugar Factories at Ambejogai, Siddheshwar, Vinayak, Kannad, Marathwada and Dnyaneshwar.

The Corporation also rendered an assistance of Rs. 20 lakhs to the Orissa Government to contribute the same as share capital for Bargarh Cooperative Sugar Factory.

Cooperative Cold Storages in Madhya Pradesh

The Corporation also sanctioned a loan assistance of Rs. 5.74 lakhs to the Madhya Pradesh Government for the establishment of a 2,000 tonnes cold storage plant by the Cooperative Marketing Society Limited, at Chhindwara.

NCDC rendered a financial assistance of Rs. 2,153 lakhs to the Government of Madhya Pradesh for establishment of a 2,000 tonnes cold storage by the Malwa Sahakari Vipnan Samiti

Maryadit, at Mhow.

The Corporation also reimbursed an amount of Rs. 13.636 lakhs for establishment of Cooperative Cold Storage of 2,000 million tonnes capacity with a 10 tonne Ice Plant by the Kisan Cooperative Marketing Society, at Bhopal.

Assistance to Dairy Unit in Karnataka

National Cooperative Development Corporation rendered a financial assistance of Rs. 17 lakhs to the State Government of Karnataka for establishment of a Milk Processing Plant having a capacity of 12,500 litres day expandable to 20,000 litres/day at Manipal, South Kanara District, Karnataka, by the Canara Milk Producers' Cooperative Union Ltd., Manipal.

Assistance to Milk Fluid Plants

The Corporation sanctioned Rs. 9.80 lakhs as a loan to the Punjab State Cooperative Bank Ltd., Chandigarh, towards re-imbursement of the financial assistance released by the Bank for establishment of the Fluid Milk Plant at Jullundur by the Doaba Cooperative Milk Producers' Union Ltd., Jullundur, having a capacity of 30,000 litres a day.

The NCDC sanctioned an additional loan of Rs. 8.23 lakhs for the Fluid Milk Plant having 60,000 litres/day capacity and Rs. 7.70 lakhs for the Milk Products Plant with a 50,000 litres day capacity to the Punjab State Cooperative Bank Ltd., Chandigarh, for financing the establishment of these two Plants at Hoshiarpur by the Hoshiarpur Cooperative Milk Producers' Union Ltd., Hoshiarpur. The Corporation has already rendered total financial assistance of Rs. 86.80 lakhs to these plants earlier.

NCDC reimbursed an amount of Rs. 10.16 lakhs to the State Government of Andhra Pradesh for setting up a Fluid Milk Plant at Visakhapatnam by the Marginal Farmers and Agricultural Labourers and Milk Producers' Cooperative Dairy Development Union Ltd.

The Corporation sanctioned an additional loan of Rs. 1.56 lakhs for the establishment of five chill-

ing centres at Bijnore, Rae Bareilly, Shahjahanpur, Sitapur and Unnao by their respective Cooperative Milk Unions in Uttar Pradesh. The Corporation has already sanctioned Rs. 10.18 lakhs for setting up 10 such chilling centres in Uttar Pradesh.

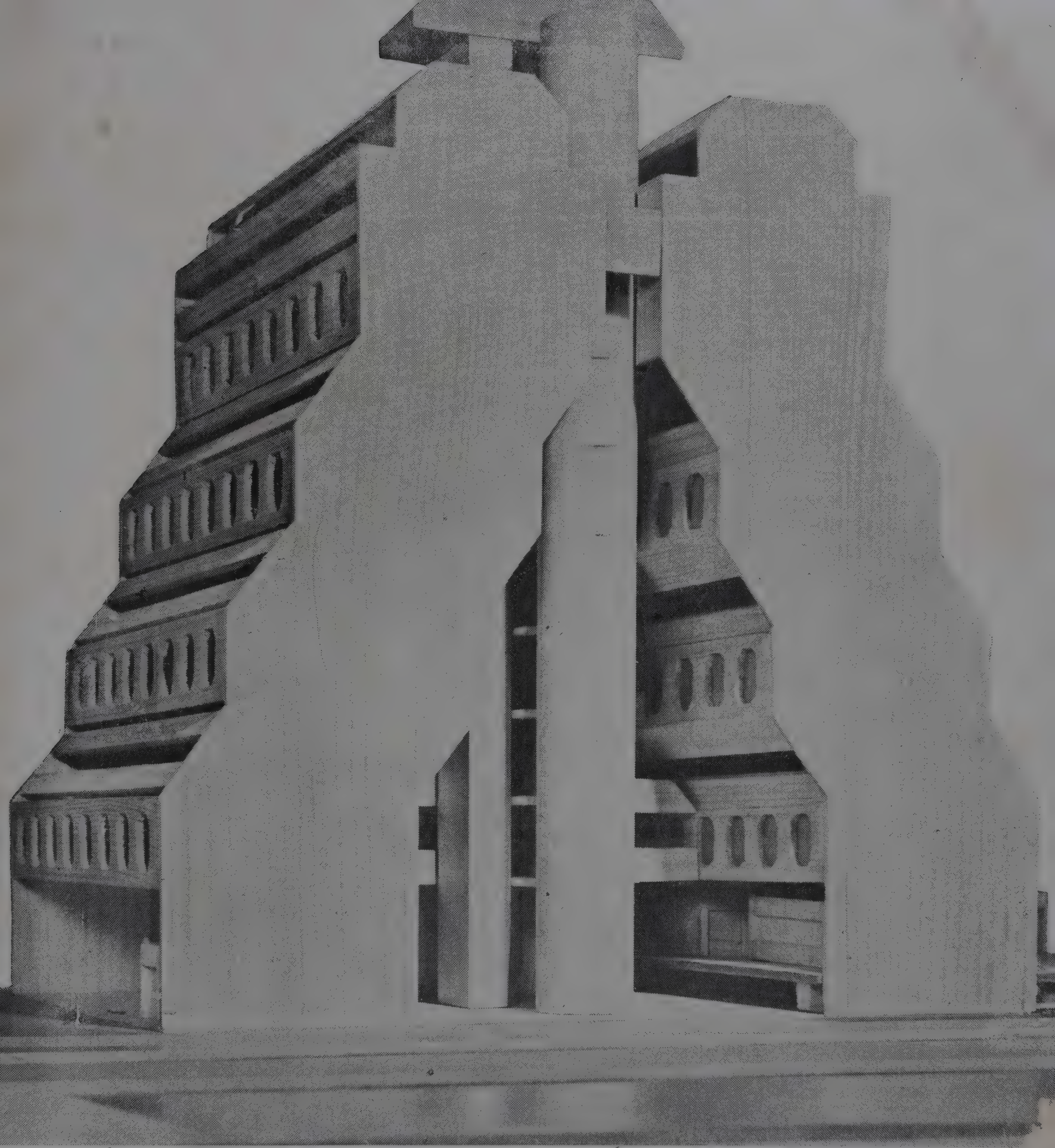
NCDC sanctioned a block loan assistance of Rs. 29.48 lakhs to the Government of Rajasthan for establishment of a Milk Chilling Plant with a capacity of 20,000 to 30,000 litres per day by the Bhilwara Zila Dugdha Utpadak Sahakari Sangh Ltd., at Bhilwara. The Corporation has already

reimbursed the first instalment of Rs. 7.37 lakhs to the State Government for this purpose.

The Corporation released an amount of Rs. 13.40 lakhs as an additional loan to the Government of Rajasthan towards reimbursement of the additional loan assistance provided by the State Government to Ajmer Zila Dugdh Utpadak Sahakari Sangh Ltd., for establishment of a Dairy Project at Ajmer. The Corporation had already rendered a financial assistance to the tune of Rs. 22.40 lakhs to this project.

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Model of the Headquarters of the National Cooperative Development Corporation



A Nefa Belle

Regd. No. RN 14279/67

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A black and white photograph of a park scene. In the foreground, there is a wooden bench. Behind the bench, there are several large, leafy trees. The background shows a grassy area and a fence. The overall scene is peaceful and natural.

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AUGUST 1976



Workers busy in the Amod Group Co-operative Cotton Sale Ginning & Pressing Society Ltd., Amod (Distt. Broach)

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Cover Page :

Oil extraction by Traditional methods

EDITOR : **I. S. Bedi**

Views expressed in articles published are of the authors and not necessarily of the Corporation.

NATIONAL POPULATION POLICY

Dr. Karan Singh

WITH 2.4 per cent of the world's land area, India has about 15 per cent of the world's people. It is estimated that our population as on 1st January, 1976 has crossed the 600 million mark, and is now rising at the rate of well over one million per month. Since Independence 250 millions have been added, equivalent to the entire population of the Soviet Union with six times the land area of India. The increase every year is now equal to the entire population of Australia which is 2-1/2 times the size of our country. If the present rate of increase continues unchecked our population at the turn of the century may well reach the staggering figure of one billion. Indisputably we are facing a population explosion of crisis dimensions which has largely diluted the fruits of the remarkable economic progress that we have made over the last two decades. If the future of the nation is to be secured, and the goal of removing poverty to be attained, the population problem will have to be treated as a top national priority and commitment.

2. Our real enemy is poverty, and it is as a frontal assault on the citadels of poverty that the Fifth Five-Year Plan has included the Minimum Needs Programme. One of its five items is integrated package of health, family planning and nutrition. Far reaching steps have been initiated to reorient the thrust of medical education so as to strengthen the community medicine and rural health aspects, and to restructure the health care delivery system on a three-tier basis going down to the most far-flung rural areas where the majority of our people reside and where child mortality and morbidity are the highest. Similarly, ignorance, illiteracy and superstition have got to be fought and eliminated. In the ultimate analysis it is only

when the underlying causes of poverty and disease are eliminated that the nation will be able to move forward to its desired ideals.

3. Nonetheless it is clear that simply to wait for education and economic development to bring about a drop in fertility is not a practical solution. The very increase in population makes economic development slow and more difficult of achievement. The time factor is so pressing, and the population growth so formidable, that we have to get out of the vicious circle through a direct assault upon this problem as a national commitment. The President in his address to the Joint Session of Parliament this year reiterated the importance of stepping up family planning efforts, and the Prime Minister has on several occasions laid stress upon the crucial role that population control has to play in the movement towards economic independence and social transformation, specially in the light of the 20-Point Economic Programme.

4. Considerable work has been done in our country in the field of family planning, but clearly only the fringe of the problem has so far been touched. In this context, after a thorough and careful consideration of all the factors involved as well as the expression of a wide spectrum of public opinion, Government have decided on a series of fundamental measures detailed below which, it is hoped, will enable us to achieve the planned target of reducing the birth rate from an estimated 35 per thousand in the beginning of the Fifth Plan to 25 per thousand at the end of the Sixth. Allowing for the steady decline in the death rate that will continue due to the improvement in our medical and public health services and the living standards of our people, this is expected to bring down the growth rate of population in our country to 1.4 per cent by 1984.

5. Raising the age of marriage will not only have a demonstrable demographic impact, but will also lead to more responsible parenthood and help to safeguard the health of the mother and the child. It is well known that very early pregnancy leads to higher maternal and infant mortality. Also, if the women of our country are to play their rightful role in its economic, social and intellectual life, the practice of early marriage will have to be

severely discouraged. The present law has not been effectively or uniformly enforced. It has, therefore, been decided that the minimum age of marriage should be raised to 18 for girls and 21 for boys, and suitable legislation to this effect will be passed. Offences under this law will be cognizable by an officer not below the rank of a Sub-Divisional Magistrate. The question of making registration of marriages compulsory is under active consideration.

6. It has been represented by some States that while on the one hand we are urging them to limit their population, those States which do well in this field face reduction of representation in Parliament while those with weak performance in family planning tend to get increasing representation. It is obviously necessary to remedy this situation. It has, therefore, been decided that the representation in the Lok Sabha and the State Legislatures will be frozen on the basis of the 1971 census until the year 2001. This means in effect that the census counts of 1981 and 1991 will not be considered for purposes of adjustment of Lok Sabha Legislature seats. Necessary constitutional amendment will be brought forward during the current year. Appropriate legislation for other elective bodies will also be undertaken.

7. In a federal system, the sharing of Central resources with the States is a matter of considerable importance. In all cases where population is a factor, as in the allocation of Central assistance to State Plans, devolution of taxes and duties and grants-in-aid, the population figures of 1971 will continue to be followed till the year 2001. In the matter of Central assistance to State Plans, eight per cent will be specifically earmarked against performance in family planning. The detailed procedures in this regard will be worked out by the Planning Commission.

8. While there is a direct correlation between illiteracy and fertility, this is particularly marked in the case of girls' education. Wherever female literacy improves, it has been seen that fertility drops almost automatically. It is, therefore, necessary that special measures be taken to raise the levels of female education, particularly above the middle level for girls as well as non-formal

education plans for young women especially in certain backward States where the family planning performance so far has been unimpressive. The same is true with regard to child nutrition programmes, as high infant mortality and morbidity have a direct impact on fertility. The Ministry of Education is urging upon the State Governments the necessity to give these matters higher priority than has been accorded so far and fully earmarking adequate outlays both for girls education upto the middle level and child nutrition.

9. My Ministry is also in close touch with the Education Ministry with regard to the introduction of population values in the educational system, and the NCERT has already made a beginning in bringing out some text books on these lines. It is essential that the younger generations should grow up with an adequate awareness of the population problem and a realization of their national responsibility in this regard. Indeed, if I may venture to say so, exhortations to plan families are more important for the younger generation than for those who have already made their contribution to our demographic profile.

10. The adoption of a small family norm is too important a matter to be considered the responsibility of only one Ministry. It is essential that all Ministries and Departments of the Government of India as well as the States should take up as an integral part of their normal programme and budgets the motivation of citizens to adopt responsible reproductive behaviour both in their own as well as the national interest. A directive to this effect is being issued by the Prime Minister to all Ministries of the Government of India, and a letter will also be addressed by her to all Chief Ministers. The performance of family planning in the States will be more carefully and intensively monitored than in the past, and the Union Cabinet will review the situation in depth at least once a year.

11. Experience over the last 20 years has shown that monetary compensation does have a significant impact upon the acceptance of family planning, particularly among the poorer sections of society. In view of the desirability of limiting

the family size to two or three it has been decided that monetary compensation for sterilization (both male and female) will be raised to Rs. 150/- if performed with two living children or less, Rs. 100/- if performed with three living children and Rs. 70/- if performed with four or more children. These amounts will include the money payable to individual acceptors as well as other charges such as drugs and dressings, etc., and will take effect from 1st May, 1976. Facilities for sterilization and MTP are being increasingly extended to cover rural areas.

12. In addition to individual compensation, Government is of the view that group incentives should now be introduced in a bold and imaginative manner so as to make family planning a mass movement with greater community involvement. It has, therefore, been decided that suitable group incentives will be introduced for the medical profession, for Zila and Panchayat Samitis, for teachers at various levels, for co-operative societies and for labour in the organized sector through their respective representative national organizations. Details of these group incentives are being worked out in consultation with the concerned organizations.

13. Despite governmental efforts at Union, State and Municipal level, family planning cannot succeed unless voluntary organizations are drawn into its promotion in an increasing measure, particularly youth and women's organizations. There is already a scheme for aiding voluntary organizations, and it has been decided that this will be expanded. Also, full rebate will be allowed in the income tax assessment for amounts given as donations for family planning purposes to Government, local bodies or any registered voluntary organization approved for this purpose by the Union Ministry of Health.

14. Research in reproductive biology and contraception is under way in several of our scientific institutions, and there are some very promising developments which, we hope, will lead to a major breakthrough before too long. This is a great challenge to our scientists, and efforts in this direction will receive special attention so that

necessary research inputs are insured on a long range and continuing basis.

15. The question of compulsory sterilization has been the subject of lively public debate over the last few months. It is clear that public opinion is now ready to accept much more stringent measures for family planning than before. However, the administrative and medical infrastructure in many parts of the country is still not adequate to cope with the vast implications of nation-wide compulsory sterilization. We do not, therefore, intend to bring in Central legislation for this purpose, at least for the time being. Some States feel that the facilities available with them are adequate to meet the requirements of compulsory sterilization. We are of the view that where a State legislature, in the exercise of its own powers, decides that the time is ripe and it is necessary to pass legislation for compulsory sterilization, it may do so. Our advice to the States in such cases will be to bring in the limitation after three children, and to make it uniformly applicable to all Indian citizens resident in that State without distinction of caste, creed or community.

16. Some States have also introduced a series of measures directed towards their employees and other citizens in the matter of preferential allotment of houses, loans, etc. for those who have accepted family planning. In this sphere also we have decided to leave it to each individual State to introduce such measures as they consider necessary and desirable. Employees of the Union Government will be expected to adopt the small family norm and necessary changes will be

made in their service/conduct rules to ensure this.

17. In order to spread the message of family planning throughout the nation, a new multi-media motivational strategy is being evolved which will utilize all the available media channels including the radio, television (specially programmes aimed directly at rural audiences), the press, films, visual displays and also include traditional folk media such as the jatra, puppet shows, folk songs and folk dances. The attempt is to move from the somewhat urban-elitist approaches of the past into a much more imaginative and vigorous rural-oriented approach. In this context my Ministry is working in close co-ordination with the Ministry of Information and Broadcasting and is also trying to draw the best media talent available in the country into the structuring of the new programme.

18. This package of measures will succeed in its objective only if it receives the full and active cooperation of the people at large. It is my sincere hope that the entire nation will strongly endorse the new population policy which, as part of multi-faceted strategy for economic development and social emancipation, is directed towards building a strong and prosperous India in the years and decades to come.

(The above statement made by Dr. Karan Singh, Union Minister of Health and Family Planning on 16.4.1976 on the national population policy will be of interest to our readers. We trust that cooperative leaders all over the country will bend their energies for making this vital national programme a success.)

FOR A BETTER WORLD

"Family Planning in our country is an essential part of our whole strategy of enlarging welfare. Greater welfare is in fact the only reason for family planning. And we need it not because we are against more children but because we want every child to have the best opportunity possible in life. We want our children to inherit a better world than our own. This is the aim of every father and mother, and this is the objective of planned development."

—INDIRA GANDHI

FIRST ALL INDIA CONFERENCE OF COOPERATIVE SPINNING MILLS

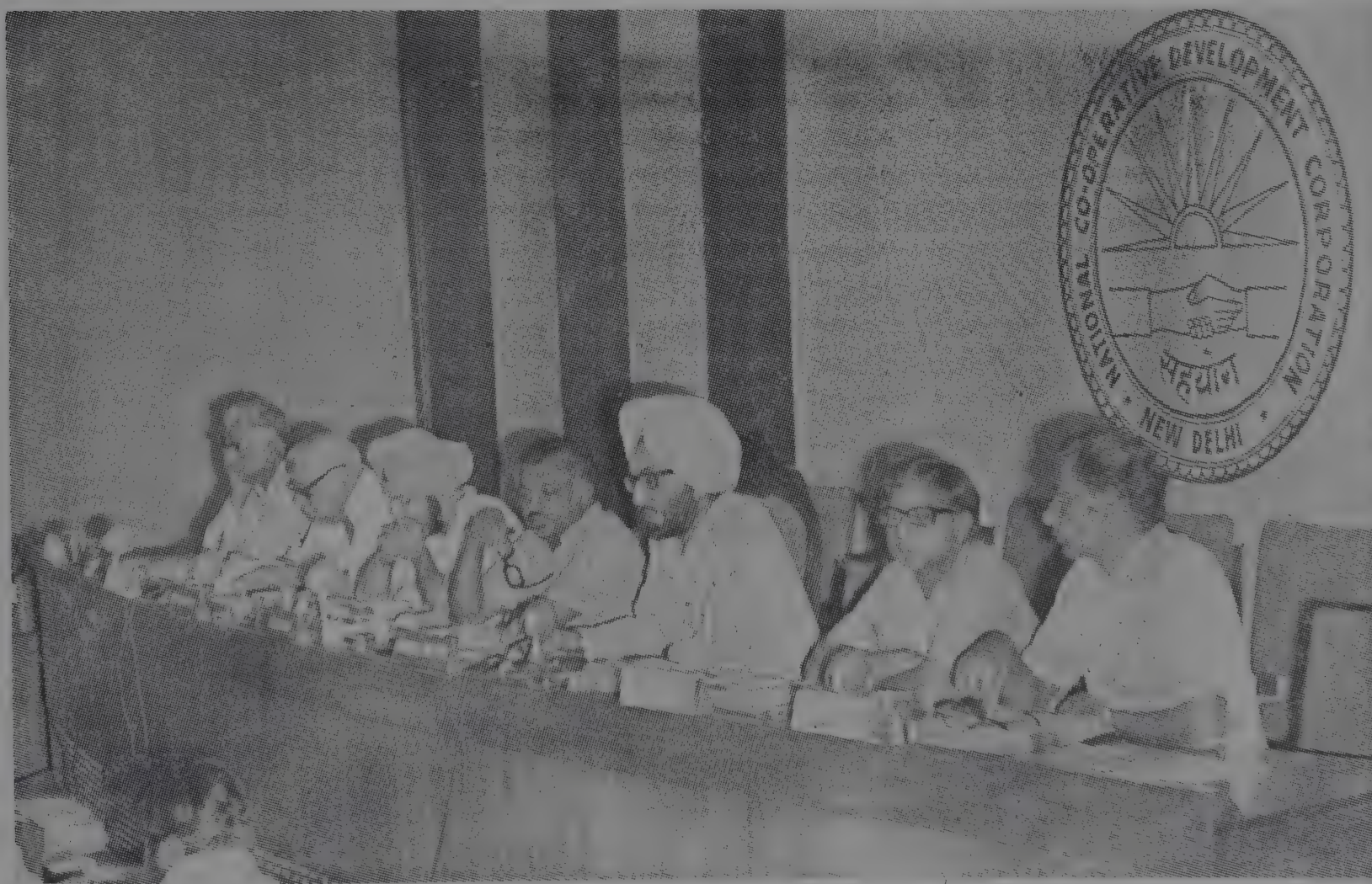
IN the wake of All India Conference of Sugar Cooperatives convened by the NCDC, another All India Conference of Cooperative Spinning Mills was held on 27th and 28th May, 1976, at New Delhi at the initiative taken by the NCDC. Shri A.C. George, Union Minister of State for Industry and Civil Supplies presided over the Conference. Shri T.A. Pai, Union Minister of Industry and Civil Supplies addressed the Conference on 28.5.1976. The Conference was attended by representatives of various Cooperative Spinning Mills, the All-India Federation of Cooperative Spinning Mills, representatives of Central Ministries and State Governments and also of various financing institutions.

There are 54 Cooperative Spinning Mills with an installed capacity of one million spindles in pro-

duction. Next to the Sugar Industry, the Spinning Mills constitute the largest industry in the cooperative sector with a term investment of over Rs. 70 crores and employing nearly 30,000 people.

In the context of 20 Point Economic Programme, the basic theme of the Conference was to focus the attention of Cooperative Spinners on providing support to and developing the handloom industry. For this purpose, the Conference considered various measures to forge an effective link between the spinning and weavers cooperatives, to rationalise cotton purchase policy through cooperative marketing societies, to effect improvement in the technical and economic efficiency of the spinning mills, to implement the programme of expansion and selective modernisation and to establish new mills.

Shri M. S. Gill, Managing Director, NCDC addressing the Conference.





Shri A. C. George arriving at the Conference

The broad conclusions and recommendations of the Conference are reproduced below :

Structural pattern

So far, the spinning industry in the cooperative sector has been organised both by producers of cotton and the consumers of yarn, namely, the weavers. The Conference discussed at length, the comparative advantages and disadvantages of the existing patterns of organisation of cooperative spinning mills. The growers mills were organised on the assumption that such mills would optimise returns to the growers. In actual practice, however, with a few exceptions, this expectation had not materialised for various reasons. Firstly, unlike sugar cooperatives which deal in perishable raw material, the nexus between cooperatives and cotton growers was generally very weak and it was difficult to enforce loyalty in respect of the supply of cotton. Secondly, the return on cotton yarn was almost as uncertain as the return on cotton. Finally, in Maharashtra, the cotton marketing is a Government monopoly and hence there was virtually not much scope for spinning cooperatives to render any additional service to the cotton growers. In

view of these considerations, the Conference recommended that in future, while organisation of new cooperative spinning mills of cotton growers might not be ruled out, pattern of organisation should preferably envisage spinning cooperatives organised by the weavers. If in the same area, cotton was cultivated and cotton growers were interested in joining such weavers mills, membership might be kept open to such growers also.

Considering the structural pattern of the spinning mills organised by weavers, the Conference noted that such mills had come up mostly as federal institutions of primary weavers cooperatives. This pattern made the viable functioning of spinning cooperatives contingent upon the proper functioning and general constitution of weavers cooperatives. The Conference suggested that in future, the spinning cooperatives should admit individual weavers directly as members. This procedure should also be adopted in existing weavers mills.

Objects of cooperative spinning mills

The scope of activity of cooperative spinning mills had so far been confined to the spinning of yarn and its supply to the weavers. The Conference felt that the spinning mills should assume an extended responsibility of taking overall care of the handloom industry, specially the handlooms located within a manageable radius of the mills. Within this extended scope of their activities, the mills might take on functions like arranging credit, supplying yarn, giving marketing support and providing technical know-how. In fact they should progressively take over all the functions of a master weaver minus, of course, his mal-practices. The Conference, while suggesting the above general approach, favoured flexibility in the actual operations. For example, if satisfactory arrangements within the cooperative sector already existed, for the marketing of cloth, the same may be continued though the mills might coordinate this function as well.

Capacity Utilisation

The Conference noted that, out of 52 mills whose figures were available, only 8 mills showed, during 1974-75, a capacity utilisation above 80



A view of the Conference

per cent., 6 mills could utilise their capacity below 40 per cent only whereas the remaining mills showed a capacity utilisation between 40 and 80 per cent. The Conference felt that since the break-even point for spinning institutions generally required a capacity utilisation of not less than 85 per cent to 90 per cent, concerted efforts would be necessary to reach the desired level of capacity utilisation.

For improving capacity utilisation, the mills should, with the help of the NCDC and the AIFCOSPIN, evolve an appropriate management structure for themselves. The structure should include a knowledgeable and compact Board of Directors for taking policy decisions and a competent and well qualified staff for actual operations of the mill and commercial functions. Suitable delegation of powers down the line in the management structure should be ensured.

The mills management should ensure that the machines were properly maintained. Adequate maintenance staff should be appointed and proper maintenance schedules drawn up.

Experts from the AIFCOSPIN should visit the individual mills and help them fix standards of efficiency specially in respect of yarn realisation,

production norms, machine and labour productivity, yarn quality and control on various costs.

Where insufficiency of power was likely to persist, the question of installing captive generating sets might be considered. If necessary, individual spinning cooperatives may approach the NCDC for financial assistance for installing such generating sets.

AIFCOSPIN should evolve some training arrangements for the staff of cooperative spinning mills. Such training should specially aim at improving productivity and labour relations in the mills.

Cotton Purchase Policy

The Conference appreciated the need to tie up cotton purchases by the cooperative spinning mills with the growers or their marketing cooperatives and suggested that :

- (i) The growers cooperative spinning mills should work out arrangements with their grower members under which the members may supply their cotton to the mills directly.
- (ii) All cooperative spinning mills, whether of growers or weavers, should aim at making



Shri T. A. Pai addressing the Conference

purchases of ready stocks from the markets during cotton season through the agency of marketing cooperatives.

- (iii) Where purchases have to be made by co-operative spinning mills from outside the State, the agency of the marketing societies in those States could be used for purchasing cotton.
- (iv) In Maharashtra, where monopoly procurement of cotton scheme is in operation, co-operative spinning mills located in the cotton growing areas should be treated as sub-agents of the State Cooperative Supply and Marketing Federation. Under this arrangement, the mills may be allowed to retain such quantity of cotton as they may need at the prices fixed by the Federation from time to time.
- (v) The Committee already appointed by the AIFCOSPIN may expeditiously work out details of arrangements of supply of cotton by the marketing cooperatives to the spinning mills.

Control on inventories

Inventories of raw material including stores and spares should be controlled in accordance with the recognised scientific norms. All speculative buying should be checked and the directives given by the Textile Commissioner, Reserve Bank of India and other agencies should be strictly adhered to. Lists of stores and spares may be inter-changed between the mills so that they could avail of the equipment lying in other mills. The AIFCOSPIN should consider the possibility of evolving common inventory arrangements for groups of cooperative spinning mills.

Expansion of the Spinning Sector

It was noted that there were fair chances of the programme of expansion of the existing co-operative spinning mills being executed fully. The scope of establishment of new mills need, however, to be reviewed in the light of constraints in raising resources and doubtful viability of spinning mills set up at a very high cost. The financing institutions had already made certain suggestions to the Government of India and the State Governments for giving some concessions to new high cost co-operative spinning mills to make them viable. It was recommended that incentives for new co-operative spinning mills should be provided. To correct the regional imbalances in the development of co-operative spinning mills and to provide support to handloom cooperatives in the Eastern region, priority should be given to this region in the establishment of new units.

The IFCI and other financing institutions were for the time being insisting on a debt equity ratio of 50 : 50 in the case of new co-operative spinning mills. This was based on the present state of viability of the new units. In case, as a result of concessions, if any, given by the Government of India and the State Governments, the viability of the units stood improved, the financing institutions should also consider providing loans on a more liberal basis.

The Conference also suggested that assistance from NCDC may be made available for selective modernisation programmes.

SYED MIR QASIM TAKES OVER AS MINISTER FOR CIVIL SUPPLIES AND COOPERATION



SYED MIR QASIM has been appointed as Minister of the newly-created Ministry of Civil Supplies & Cooperation. He was first inducted in the Union Cabinet in June this year as Minister without portfolio.

Syed Mir Qasim's political career started over 30 years ago as a student leader in Jammu & Kashmir and at the Aligarh Muslim University. As a prominent member of the National Conference, he played a significant role in the growth of nationalist's movement in the State.

Syed Mir Qasim, who is 55 years old, was elected to the State Constituent Assembly in 1951. He held important positions in the State from 1953 onwards. He was the youngest Member of the State Cabinet headed by Bakshi Ghulam

Mohd. from 1953 to 1957. In 1962, he was appointed as Chief Parliamentary Secretary and Secretary of the Basic Principles Committee of the Constituent Assembly of Jammu & Kashmir. The role he played by initiating and concluding an accord with Sheikh Mohd. Abdulla is well known. His personal sacrifice by resigning from the Chief Ministership of the Jammu & Kashmir State in favour of Sheikh Sahib was widely acclaimed all over the country.

We hope that, with his vast experience of men and matters, the country will grow in economic stature under his leadership.

I know of no other instrument so potentially powerful and full of social purpose as the Cooperative Movement.

—Indira Gandhi

STATE COOPERATIVE BANKING

(Bihar—A Case Study)

Dr. Nawal Kishore Singh

THE 'All India Cooperative Credit Societies' Act of 1904' (Act X of 1904) marked the official introduction of the Cooperative movement in India. The object of this Act, as expressed by Sir Frederick Nicholson, was to substitute for a number of individual credits, which are weak because they are isolated, a combined credit which is strong because it is united. Gradually the growing number of Central Cooperative Banks in the country created the problem of finance, supervision, proper guidance and their development along right lines became more complicated. There is a famous proverb that 'necessity is the mother of invention.' Thus the State Cooperative Banks were born out of the needs during the year 1904 onwards. A Committee of experts on cooperation was appointed by the Government of India, under the Chairmanship of Sir Edward Maclagan in 1914 to study and report on the working of cooperative movement. The said Committee submitted its report in 1915, in which it recommended the setting up of Provincial Cooperative Banks in large provinces with a view to co-ordinating provincial cooperative finance. With these objectives in view, the Apex Bank of Bihar was organised in 1914, when Bihar and Orissa were a combined province. This Bank was designed to deal exclusively with central cooperative banks situated in the province of Bihar and Orissa, but may, with the previous sanction of the Registrar, advance loans to primary societies in areas where there is no Central Cooperative Bank.

Up to 1930, this Bank made satisfactory progress. The world-wide Great Economic Depression of the thirties gave it a serious blow. It lost the

public confidence and they began to withdraw their deposits from it. Various steps were taken to rehabilitate it and to improve its condition. The Government of Bihar helped it in different ways and declared that they were ready to protect the Bank. On account of those measures and the declaration of the Government's policy towards its protection, the condition of the Bank could gradually become better.

In the period between 1941 and 1951, the Apex Bank did not make satisfactory progress in respect of credit. In the year 1945, the Bank started the business of 'Credit Agricole'. In this scheme, the Bank started the sale of seeds, fertilizers, and agricultural implements. These things were lent both to members and non-members through Central Cooperative Banks and primary credit societies. In 1948, the Bank started the business of controlled commodities, with a view to making adequate profit, but the result was reverse and it had to suffer a heavy loss. These schemes proved to be a complete failure and detrimental to the growth of the Bank in particular and the cooperative credit movement in Bihar in general, for business aspect became primary and credit became a secondary aspect of the movement.

Under the first two Five Year Plans of Bihar, the State Cooperative Bank concentrated its attention on credit aspect. There was a gradual expansion in the volume of credit advanced by it to the Central Cooperative Banks. About 50 per cent of its working capital was invested in expansion of the movement. It gave up the business of controlled commodities and concentrated on credit ex-

pansion. The Bank as the Apex financing institution continued to meet credit requirements of cooperative institutions through the central cooperative banks and their affiliated societies. It had 158 members consisting of 63 central cooperative banks, 44 primary societies and 51 individuals with a working capital of Rs. 381.02 lakhs in 1961-62.

During the Third Plan period, efforts were made to bring about all round progress in the business of the Apex Bank, which is evident from the following table :

	1950-51 (Rs. in lakhs)	1965-66 (Rs. in lakhs)	Increase
Share Capital	4.15	63.13	16 times
Reserve Fund	13.94	67.63	5 times
Deposits	60.70	513.02	8 times
Working Capital	319.79	943.38	3 times
Loan advances	17.50	800.00	44 times

The data shown above reveal the fact that there was all round development in the working of the Bank.

After the Third Five Year Plan, there was a Plan Holiday for the whole country. During this period, the Bihar State Cooperative Bank implemented an annual plan for the development of cooperative movement in the State. On the 30th June 1968, the Bank had 141 members, comprising of the State Government, 29 central cooperative banks, 79 societies and 31 individuals. There was an all round improvement in the owned capital, deposits and working capital of the Bank. The working capital of the Bank was utilised by 69 per cent investment in loans and advances, 19 per cent in Government and other securities and rest 12 per cent in other assets. The working capital of the Bank showed signs of deterioration. Avoidable factors eating away the profits, demanded immediate attention of the authorities. Obviously the Fourth Five Year Plan for the Cooperative development was entrusted with important task.

The Cooperative development schemes included

in the State's Fourth Five Year Plan (1969-74) were mainly agricultural-oriented with the special stress on stepping up agricultural production by way of meeting the requirements of farmers in shape of loans, fertilisers, and agricultural inputs. So far as the progress of the Bank up to 1972 was concerned, the picture was not very encouraging. The working capital of the Bank which was Rs. 1,791.09 lakhs in 1968, and Rs. 1,688.53 lakhs in 1969 declined to Rs. 1,670.59 lakhs in 1969-70. The decline in the working capital in 1969-70 was due to fall in borrowing from the Reserve Bank of India and the Government.

The working capital of the Bank as on the 26th December, 1970 stood at Rs. 1,937.50 lakhs. All these factors warranted extensive efforts on the part of the management to ensure more comfortable position for the Bank. The situation also called for the intensification of efforts for ensuring proper and timely collection of loans. The financial statements of the Bank pertaining to the year ending 30th June, 1971, revealed that the position with regard to the owned funds was not sound.

The declining trend on the working capital front was arrested during 1971. It recorded an increase of 24.6 per cent as compared to that of the previous year. But all the branches of the Bank barring Bankipur branch at Patna, operated at loss. Hence the working result of the existing branches should be a pointer to the management with regard to opening of further branches in future.

All the same, the progress of the Bank has not been discouraging during the Fourth Five Year Plan Period. During 1971-72, the State had to suffer much due to continuous natural calamities such as easterly winds, heavy rains, and severe floods. This weakened the rural economy of the State. It became difficult for the Bank to serve the farmers adequately. Even then the Bank helped the farmers in tiding over their financial difficulties. The Bank advanced Rs. 25 crores as loan to the agriculturists by the end of June 1972. At present most of the banking facilities as are available from the commercial banks are being provided by the Bihar State Cooperative Bank.

SITE EXPERIMENT INFUSES NEW LIFE IN REMOTE VILLAGES

Lal Karamchandani

THE 1st of August 1975 saw parts of Bihar State in northern India experiencing worst ever floods in a decade. Villages after villages were flooded and the people in thousands temporarily moved on to higher elevations to escape the fury of rising flood waters. Alongwith farmers, the field, technical staff of the Indian Space Research Organisation (ISRO) assigned to instal the TV DRS (Direct Receiving Sets) had literally to run for their lives when suddenly the flood-waters gushed through the most of the 400 SITE TV cluster villages.

In early August, Rajasthan State in Western India was experiencing howling dust-storms sweeping from the Rajasthan desert, uprooting and blowing away many temporary structures in its wake, and the first to be blown away were the chicken-mesh antennae of the DRS fixed on the roof-tops of schools in about 400 villages.

In the tribal belts of the eastern coastal State of Orissa where the 20th century wonders like electricity had yet to reach the many interior villages and where hardly any road existed, the technicians were still putting last minute touches to instal battery-operated transistorised TV sets for SITE reception on the 1st of August, 1975.

In the southern States of Andhra Pradesh and Karnataka about 800 villages chosen from the most backward regions in the area were still savouring the pleasant surprise of seeing almost unending stream of technicians fitting in TV sets and chicken-mesh antennae in school and panchayat buildings—villages where excepting Extension Workers hardly any one used to pay a visit.

In Central Indian State of Madhya Pradesh, the

1st of August saw continuation of heavy downpour of the full blast of monsoon showers making kutchra roads slushy with mud making them almost impassable for the jeeps and making the task of technicians still more difficult in installing about 400 TV sets in the tribal belt of the State.

For August 1st 1975 was the date when the long awaited, carefully planned, thoroughly prepared and twice postponed TV experiment was to make a tryst with destiny in 2,400 villages.

The 1st of August 1975 also saw me along with hundreds of media men from India and abroad in a medium-size village called Mahapura, some 20 KMs from Jaipur, the capital city of Rajasthan. As the time drew near, towards 6.30 P.M. the crowds increased in number in Mahapura village, many more came from the neighbouring villages to Mahapura festooned with flags and buntings as the Rajasthan Chief Minister joined the crowds, as did the Chief Ministers of five other TV cluster States in their respective areas.

Exactly at 6.30 P.M. over 2,400 direct receiving sets especially manufactured in India and equipped with chicken-mesh antennae came into life in almost as many villages in six States of India, and appropriately enough the first picture was of the Prime Minister Indira Gandhi talking to hundreds and thousands of villagers through a geo-stationary satellite beaming TV programmes over a vast network of augmented TV sets in villages.

A Dramatic Entry

With this symbolic act, the ancient India made a dramatic entry into a new wonderful world of electronic media. But perhaps what was more

striking and symbolic was the fact that for the first time in the history of mankind the latest and the most sophisticated invention of the man was being utilised for the benefit of less affluent sections of the society living in typical age-old Indian villages.

India is the country of the villages—there are almost half a million of them. Till very recently all the progress and development used to percolate from the cities down to the towns and further down to the villages. Here was the one experiment which was meant exclusively for villages.

The experiment was also unique in other ways. It was primarily instructional though entertainment was not lost sight of. That is why the experiment had undergone such intensive preparations in making programmes timely, purposeful and educative.

Villages after villages were thoroughly researched, special audience—profiles prepared, need-assessment surveys made, and sample programmes previewed by the village audiences were modified or even recast in the light of their reaction. In about 1300 hours of programmes, there were lessons for primary school children, training for Extension Workers, instructions and information for farmers, advice on family planning and nutrition, teaching of simple occupational skills and the value of national integration.

When the SITE started, doubts were raised about its success. What were the chances of villagers who had little or no acquaintance with the conveniences of modern living, making a mental quantum jump of a kind and passing instantly from the bullock-cart and cowdung-age to the age of T.V. programmes? Would exposure to TV for four hours a day for the duration of one year change their lives, their outlook, their horizons substantially or marginally? Would it cause them to try and make technological advancements in their immediate surroundings? Or would the presence of a TV set in areas characterised by ill-health, malnutrition, lack of education, and poor hygiene and sanitation be little more than a diversion from the routine tasks

that must be gone through in the same old way?

Villages to be covered by the programme were in areas like Phulbani in Orissa where even jeep finds it difficult to wind its way, or a typical village in Rajasthan where the nearest equivalent of road could be many miles away. Before the television came, most of the villagers used to go to sleep a little after sunset, and there would be hardly any evening life or any community discussions. Now, people sit and chit-chat until late at night, for having come to community TV viewing place and they are reluctant to go back to their homes immediately after the TV programmes are over. This is even without any prompting or initiative from any outside agency. There are animated and sometimes even heated discussions about the merits and demerits, the feasibility or practicability of various advices on family planning or agricultural development or nutrition or host of other subjects.

As for children, they used to take the buffaloes for a bath in the nearby village pond or a muddy ditch in the mornings, or if nothing better go about playing. Now most of them are eager enough to reach the school before the teacher arrives to switch on the TV set in the morning educational programme.

Stories have been coming in slowly but steadily telling about the subtle changes in the life-pattern of the villages which had seen almost no change since last so many centuries; for almost nothing has changed them, not even the womenfolk, so much as has the television. It has upset their old routines and created new community habits in a general way; it has generated a great deal of awareness and curiosity about men and matters in the countryside.

Neither the frequent power breakdowns nor the fluctuations in electric supply, neither the delays in repairing faulty sets nor even bad programmes have detracted them from the effectiveness of an experiment which promised a breakthrough in using this medium of mass communication for developmental purposes.

No doubt there were major breakdowns in the TV sets in the first few months of the start of the expe-

riment. On the top of that were the violent voltage fluctuations in the village. In quite a few villages it was enough for someone to start the electric pump at the other end of the village for the voltage to come down to as low as 75 to 100 v or once a pump is turned off to jump up to as high as 250 v or more. All this resulted in not only in blurred images and inaudible sounds but also in blown-up fuses. By the time the custodian sent out the pre-printed post-card detailing defects to the nearest reporting place and the ISRO technicians turned up, it took as little as four days or as many as 15 days before the TV set came to life once again.

The heavy monsoon rains in Bihar and Orissa, and the high velocity desert storms in Rajasthan or the violent and heavy fluctuations of electricity and also the rough handling of TV sets in the beginning made the start of the SITE anything but smooth-sailing.

But all this is an old story now. From a very high breakdown of about 30 to 40 per cent at the beginning of the Experiment, now as many as 70 to 80 per cent sets are in working condition and in some States the percentage is as good as or even better than 80-85 percent. This compares very favourably with the urban TV sets where inspite of availability of quick repair facilities and fairly sophisticated sets, the breakdown is as heavy as 25 to 30 per cent.

Children Fast Converts

Let us have a look at the programming aspects. Morning hours are normally meant for school children, for most of the TV sets are housed in school buildings where one of the school teachers is identified as custodian responsible for safe custody as well as maintenance and running of the TV set for both the morning and the evening programme.

Most children seemed to have imbibed new ideas of hygiene very quickly. It is not very uncommon sight in villages today to find one tidy child rebuking a dirty companion for not following the advice given on the television. Again, it is children who press their parents not to leave food uncovered, or to see to it that the water they drink is clean,

bathe regularly and to fight against epidemics. "Those boys now behave like elders" many a farmer is now heard saying with a little pride also.

Perhaps the most popular programmes for the school children are those which deal with science subjects presented in a popular style. It is not uncommon to come across children in the TV villages asking questions about air pressure and lunar and solar eclipses.

Myths Exploded

But perhaps what has been the most surprising discovery of SITE is about agriculture. A lot of theories were advanced before the SITE came into being that agriculture programmes to be really receptive and educative should be sugar-coated with entertainment, or should not be overloaded with information, straightaway as the farmer after hard day's work in the field is more interested in entertainment programmes only. Perhaps the greatest advantage of SITE has been the explosion of the myth that farmers cannot digest simple and steady instructional programmes.

Studies in village after village in almost all cluster states have proved that the best liked programmes were those dealing with viewer's primary interest—"farming". In fact most villagers have been so keen to obtain further information on the agriculture programmes, and the availability of various inputs and their prices that it had been well high impossible a task to feed them with information they desired to have immediately.

Let us now look at one of the programmes which was beamed on 2nd April 1976 for the Hindi-speaking areas in Madhya Pradesh and Bihar. This programme was about the soil and water testing. It showed why water and soil testing were necessary and what were its advantages. The first evaluation report was done by the Utilisation Cell of Space Application Centre of ISRO, Ahmedabad, with the help of local agricultural officers and Agricultural University experts.

The farmers after the programme started

asking questions as to whom should they contact for soil testing, how many tests does it take to get the results of soil testing, whether agriculture departments give any financial or other help in getting the soil corrected as per the results of soil testing, and what are the reasons for the decline in fertility.

Obviously, the programme within the short span of 10 minutes allotted could not have answered all these questions beyond making the farmers aware of the need for soil testing and facilities available for getting these tests carried out.

In the days that followed, the local agricultural officials were bombarded with hundreds of queries, both verbal and written, about the soil and water testing, and many farmers actually came with the soil samples to even Block and District headquarters for availing of these facilities.

In the original shape of things, agriculture was allotted just about 15 per cent of the total time whereas most of the evening audiences consisted of farmers who wanted 85 per cent of the time devoted to farming and the remaining 15 per cent for other programmes.

The first few months of the SITE experiment saw attendance in very large numbers, especially for evening programmes but slowly the attendance started thinning out in almost all the SITE clusters. May be one of the reasons could be that due to limited time available and the country being so big each cluster could get only 20 minutes of time. May be the novelty wore off, and the idle spectators left leaving only the hardcore audience actually interested and involved in the farming.

An Experiment within Experiment

A unique multi-media experiment was launched from 24th May to 16th June, 1976 to train Extension workers and other field functionaries in Andhra Pradesh and Karnataka clusters.

This exercise involved training hundreds of Extension workers through SITE, radio and interpersonal discussions with subject-matter special-

lists. The workers after being exposed to this multi-media information and training package for three days (Mondays, Tuesdays & Wednesdays) went back to about 800 TV villages, where similar TV and Radio programmes were broadcast on Fridays and Saturdays in the presence of farmers supplied with follow-up and carry-away print information materials. The Extension workers came back to original TV viewing points on Sundays to start afresh a new series starting on Mondays.

The first feed-back information flowing in from these two TV cluster states speaks volumes of the effectiveness and utility of this type of training, where time-gap in passing on latest technical know-how from scientist to Extension worker and from Extension worker to farmer is reduced to the minimum.

Social Equaliser

Another SITE benefit has been the role of TV as a social equaliser. In fact it is indeed one of the most startling offshoot of the experiment. It was very common at the initial stages to see different sections of the society watching the programmes by sitting in different and distinct places. But slowly these disappeared and it is no longer possible to distinguish big farmers from the small farmers, or Harijans from non-Harijans, or educated farmers from the uneducated.

Television was able to achieve what many other programmes or projects could not do so over all these years. For one thing, TV is a great attractor and almost all the viewers are keenly anxious to know and find out the tips on agriculture, or for that matter hygiene or what is happening in the countryside or the country itself.

An Exciting Experience

In the words of our Prime Minister, Mrs. Indira Gandhi, SITE is an "exciting enterprise, and the country is keenly awaiting this new experiment which would demonstrate how advanced technology could improve the quality of common man's life. The new and powerful technology with social and cultural implications, should, however, be used with great care in an open society like India's.

NEED FOR ESTABLISHING MODEL WATER COOPERATIVES IN INDIA

Dr. S. M. Patel

IRRIGATION water is considered to be the master input among all the inputs of agriculture which enhance the productivity and consequently elevate the income of the farmers. Due to such an important role played by irrigation, development of irrigation potentials through major medium and minor irrigation projects is given due importance in our Five Year and Annual Plans. However, mere creation of irrigation potentials will not be enough. Efficiency or proper utilisation of such irrigation potentials is also an important aspect of such developmental plans. Among all the activities leading towards development and utilisation of irrigation potentials, efficient management of irrigation water deserves the highest attention while executing the irrigation projects.

Efficient water management will cover different aspects of irrigation e.g. a) creation of irrigation potentials, b) efficient utilisation of created potentials, c) planning for matching inputs, services, practices, etc., d) development of organisations for distribution of water and monetary transactions and e) fruitful extension or promotional activities for conveying scientific 'message' to the farmers who are the customers of irrigation water.

In Gujarat, different agencies are working for different aspects of water management in case of canal irrigation. The State Public Works Department (P.W.D.) is engaged in creation of irrigation potentials and maintenance of the distributory net work. For efficient utilisation of created potentials the Agriculture Department and the Panchayati Raj Institutions are supposed to share the load and responsibilities. However, the physical distribution of irrigation is not handled by them. Such activity is looked after by P.W.D. Irrigation Department. For the other aspects various other institutional agencies are working. It is felt that as a result of such diversified actions, the desired results are not achieved.

In case of canal irrigation projects financed from public funds much can be done for proper water management which will lead to many advantages like, a) efficient utilisation of the potentials already created, b) planning future development of irrigation potentials, c) minimisation of wastage of water, d) maximisation of agricultural output, e) elevating economic status of the farmers, f) self-sufficiency in production of food-grains, and g) generating economic returns on huge investments made for creation of the canal irrigation projects.

The Present Status of Irrigation in Gujarat

In Gujarat, canal irrigation contributes hardly 20-25% of the total area irrigated. The major chunk of irrigation (nearly 75%) is contributed by costly lift irrigation. During the three Five Year Plans and three Annual Plans, many major and medium irrigation projects were taken up in Gujarat. Details on the potentials created through major and medium irrigation projects and utilisation of such potentials are given below :

Period	Potential created in lakh hectares (cumulative)	Utilisation of such potentials in lakh hectares (cumulative)
1st Five Year Plan, 1956	0.23	—
2nd Five Year Plan, 1961	2.49	0.66
3rd Five Year Plan, 1966	3.41	1.91
Three Annual Plans (1966-67 to 1968-69)	4.40	3.12
4th Five Year Plan (likely)	6.22	4.01

Source : Development Programme for 1975-76 published by GAD (Planning), March, 1975.

It is estimated that by the end of Fifth Five Year Plan (1979) the irrigation potentials from major and medium schemes and their utilisation would be 10.23 lakh hectares and 5.08 lakh hectares respectively.

It may be noted that utilisation of irrigation potentials created by the major and medium irrigation projects was less than 75% of the potentials created and such performance would go down to about 50% by the end of the Five Year Plan. If the utilisation of such potentials is elevated, the state as well as the farmers will be greatly benefited.

The canal irrigation projects are financed by the State Government. The water from such projects is given to the farmers at nominal cost. Hence, the farmers always welcome such irrigation water in spite of many inconveniences and disadvantages to be faced by them. In case of lift-irrigation (from power operated pumps) the farmers have to bear the initial investment as well as the heavy operating costs. Hence, the lift-irrigation water becomes costlier than the canal water. In spite of such disadvantages, the farmers of Gujarat have developed lift-irrigation potentials through their own resources created either from savings or borrowings. It is estimated that there are more than 4 lakh pump sets owned and operated by the farmers. For creating such lift-irrigation facilities the farmers have invested huge amounts, the value of which at present rates would be about 600 crore rupees.

The Problems of Canal Irrigation System

In case of canal irrigation system the irrigation water from the State-owned major and medium irrigation projects is conveyed to the farms as and when adequate supplies of water are available in the upstream reservoirs. The State as well as the farmers face many problems in connection with efficient utilisation of irrigation water for enhancement of farm-production. The major problems would be as follows :

Under-utilisation of the Potentials Created

It is an irony of fate that in spite of the meagre provision of canal irrigation in Gujarat, the

potentials created are not fully used by the farmers.

There would be many casual factors for such a state of affairs. All the forces, conditions and factors which create such a low utilization of the potentials should be identified by proper studies so that remedial measures could be planned and implemented. The main factor for such under-utilisation of created potentials would be the present distribution system which is not 'consumer oriented.'

Inefficient Supply of Irrigation Water

The farmers who get irrigation water for their fields have experienced that the supplies of water are not as per needs of the crops to be irrigated. They wish to get irrigation water in proper quantity, at proper time and at proper frequency. The water supplying authorities are not able to deliver water in such a way. They follow calendar irrigation pattern for distributing irrigation water in the canal system and hence proper match between the 'supply' and the 'demand' is not observed. Due to the lack of systematic supply of irrigation water the desired goals of enhancement of agricultural production and gaining other advantages of canal system are seldom achieved.

Lack of Proper Distribution/Organisation

The function of distribution of irrigation water is handled by the personnel of P.W.D. Irrigation Department. Such personnel are not 'consumer-oriented'. They lack in the proper approach for marketing of irrigation water as an agricultural input. The present system of distribution of water needs radical changes. An organisation with direct control of the users' representatives in policy making as well as day-to-day execution in distribution or marketing of irrigation water is considered to be the only solution to the problems created by the present system of distribution of canal water. Farmers' direct participation in the management of water distribution would bring an end to many undesirable practices. However, the type and form of organisation is a matter of detailed scientific study. A few drawbacks of the present system of distribution of water from the canal irrigation projects which need immediate solution are as

follows :

- (a) The personnel handling distribution of water, which is the most important input of agriculture, do not know the real value of that input. They treat it as a ration-commodity even though there are enough supplies available. This attitude leads to under-utilisation of the potentials created and dissatisfaction among the consumers of irrigation water. In short, water is not marketed as a commercial commodity. It is considered as a gift from Government in certain areas. The cost of canal water being far below that of lift-irrigation, the farmer accepts to "buy" water though much hardship is involved in getting water at his field level.
- (b) The persons handling distribution of water neither have the knowledge of crop production nor recognise the role of timely and adequate irrigation. The whole distribution process is designed on calendar irrigation rather than on need of water for the crops. The crops require less water during earlier stages and maturity stages than that during the peak growth periods and fruit/grain formation stages. The process of supply of water from the canals is not in the above manner in case of the crops requiring more than 1-2 irrigations.
- (c) The outlets of water are real battle fields for the farmers who wish to obtain irrigation water for their fields. Each outlet covers an area of 20-40 hectares (cultivated by some 40-100 farmers). The responsibility of irrigation authorities ceases when they divert water in the minor/distributory serving many outlets. For want of system/persons to regulate supply of water to each consumer, all the farmers have to struggle hard to get their share of water. This happens when the flow of irrigation water is lower than that required for the crops grown in the area served by the distribution system. In such cases, the outlets function like the shops opened in the streets without keeping any persons in them to deliver/distribute goods. In such cases the farmers at tail end of distributaries suffer for want of water whereas the farmers situated in favourable positions get more water leading to over-irrigation. Such over and under irrigations reduces productivity of water and other inputs. The farmers ultimately sustain losses due to reduction in productivity.
- (d) The main reason for mismanagement of available vital resources like irrigation water seems to be the pricing system for supply of water. In canal irrigation projects, water is sold on area basis. The farmers taking any quantity of irrigation water per hectare of land under the same type of crop pay the same price irrespective of the quantity of water used. In lift-irrigation system, water is sold on volumetric basis—i.e. in terms of hours of operation for certain discharge of water. The farmers using different quantities of water pay proportionate price for the water used by them. This system leads to efficient use of water, as the farmers would buy just sufficient water rather than too less or too much of it as practised in case of canal irrigation. It would, therefore, be desirable to shift the mode from area basis to volumetric basis for pricing of irrigation water from the canals.
- (e) At present, once a farmer's application for irrigation is approved, payment of water charges becomes compulsory even though in absence of assured water supply, timely and adequate deliveries are not made. Under such circumstances, the farmers become reluctant to apply for an irrigation supply for their entire Kharif food grain crops which normally require occasional 1-2 irrigations.
- (f) In all the major and medium irrigation projects, the farmers who come forward for buying water from the canal authorities never get assurance regarding timely supply of specific quantity of water requir-

ed for the crops to be irrigated. They have to function under many uncertainties as a result of which some farmers near the canal outlets over-irrigate their crops and many other farmers at the tail end under-irrigate their crops. Due to such faulty irrigation pattern, the canal projects do not help in increasing agricultural production to the desired or expected levels.

One of the solutions of the problems of canal irrigation is to hand over the distribution of irrigation water to organisations owned and managed by the farmers themselves. Such organisations may preferably be in the form of "Water Co-operatives". Research work on special organisational set up, functions at each level, pricing of irrigation water, modes of recovery of water-charges, etc. for proper distribution of canal water is of urgent and prime importance. Such studies would provide necessary data besides testing certain hypothesis for evolving an efficient water management system. For such studies, model or experimental water co-operatives should be formed in the most favourable areas.

Need For Establishing Model Water Co-operatives in India

Since construction of canal irrigation projects is handled by Government P.W.D. irrigation Dept., the same authority looks after distribution of water also. Many of the executives of such distribution system are not 'consumer-oriented' and hence they do not adopt the process of 'marketing' of water as an important and vital agricultural input. It is felt that for elevating consumer satisfaction and productivity of water, the function of distribution of irrigation water available from the major and medium irrigation projects should be handed over to the consumers' organisations like "Irrigation Water Cooperatives". *Such co-operatives do not exist in any part of India to-day but in advanced countries like U.S.A. such water co-operatives function very efficiently. In U.S.A. the irrigation water distribution system is handled by water co-operatives. The unique features of such water co-operatives are as follows :*

- (1) The quota of water (volume) to be delivered to each farmer is fixed along with the initial stage of planning of the irrigation projects.
- (2) The owner/user of land agrees to use fixed quantity of water per year and he receives "water rights" in the same manner as he receives the right for using the land.
- (3) Land and water rights are combined together. In case of transfer of land, water rights are also transferred to the new owner of the land.
- (4) The water co-operatives buy water in bulk either from the main canal serving the whole project area or from the main branch serving a specific area.
- (5) Pricing of water is on volumetric basis (Acre foot). Water metring devices are installed for each consumer or a group of consumers who use the outlets provided in distributaries.
- (6) Supply of water is guaranteed. Excess water is drained away. Shortage of water to be supplied is not common as spontaneous and unexpected demands are not generated/entertained.
- (7) If required, the canal water is supplemented by tubewells. Pumping water from the canals is permitted to irrigate the fields which could not be served by flow irrigation.
- (8) Water from the canals is cheaper than that from any other source. Hence the farmers gladly go in for having water rights.
- (9) The most important feature of the water co-operatives in USA is efficient water management through proper personnel. The canal inspectors, who are employees of the consumer organisation, are always ready to serve the farmer-consumers. They are well-paid and fully-equipped with required equipment, car and moving telephone.

If we can develop such water co-operatives in our country, the farmers and the State Govern-

ments will be benefited in many ways as discussed in the following paragraphs.

Advantages of Water Co-operatives to the Farmers (Irrigators)

The main advantages of water co-operatives to the farmers will be in terms of a) efficient water management, b) timely supply of water i.e. as and when water is needed by the crops, c) maximum productive use of available water, d) avoiding under-irrigation and over-irrigation due to volumetric system of water rates and e) control on water distribution system by the representatives of the consumers.

The water co-operatives will adopt new system of water-quota i.e. specifying quantity of water available to each farmer. Thus the farmers will be able to plan their cropping patterns accordingly. The present problem of uncertainty in irrigation will be avoided in the new system.

The water co-operatives will also arrange to get lift-irrigation water for supplementing the canal water available from the canal irrigation projects, whenever such a need arises. Thus, all the farmers will get adequate irrigation water for their crops throughout the life span of such crops. Due to such assured supply of irrigation water in terms of depth of irrigation and number of irrigations, the productivity of the farm will increase which will lead to enhanced profitability of irrigated crops.

The water co-operatives will also provide matching inputs and guidance for proper use of irrigation water to the farmers. Such water co-operatives will plan distribution of water in such a way that the critical irrigations are not delayed or omitted. Due to such care in timely supply of adequate quantity of water the yield per unit area will be elevated. Thus, the farmers will get higher income from their farms than what they can get in the present set up.

Advantages to the State Government

The main advantages to the State Government will be in form of (a) better utilisation of the

irrigation potentials created, (b) increasing the agricultural production in the state, (c) elevating the economic status of the farmers, d) providing employment potentials to the small farmers and farm labourers through intensive cultivation practices and e) leading towards self-sufficiency in production of food grains required for the population of the state.

It may be noted that the water co-operatives should be given full control on distribution of water from the canal serving a specific block of land in a village or a group of villages, rather than asking them to manage the water after the 'outlet' level in the areas served by such water co-operatives. Thus, the water co-operatives will function as bulk buyers of irrigation water for retailing the same to the farmers in their areas of operation. Such co-operatives will be responsible for making payment to the authorities of the State. Thus, the entire billing and recovery process at state level will be eliminated. Moreover, the problems of overdue of water charges will not arise in such a system. Thus, the State Government will be benefited in terms of adequate and timely recovery of water charges.

The farmers who are not prepared to buy water from the water co-operatives on prescribed terms will not be offered membership of the water co-operative serving that area. Such non-member farmers will be given irrigation water if such quantity of water can be spared by the co-operative. This practice will be useful in cases of a casual buyers of water and (b) excess supply of water in certain seasons. Really speaking, such casual buyers of water should also be persuaded to obtain membership of the water-co-operative.

Kaira District as an Experimental site for Water Co-operatives

Looking to the advantages of water co-operatives owned and operated by the consumers of irrigation water, it is felt that such water co-operatives should be started in India. In early stages such water co-operatives can be started in Kaira district which is to receive canal water from the Kadana project. In Kaira District strong and efficient milk co-operatives have paved the way for

co-operative action. The Kaira District Co-operative Milk Producers' Union, popularly known as Amul Dairy, is world famous for evolving the pattern of milk co-operatives. The National Dairy Development Board headed By Dr. V. Kurien is situated in Anand. The 'Amul' and 'NDDB' would surely come forward for development of such water-co-operatives in the Kadana Project Area.

The water co-operative is a novel organisation for 'Marketing' of water available from big irrigation projects. Hence it needs careful and constant attention during the earlier stages of establishment. Such motherly care can be provided by the experienced and well-managed co-operative organisation like Amul as well as the national institutions dedicated for growth of milk co-operatives in India like NDDB. Such organisations should be encouraged by the State Departments connected with development of Kadana Project Area, in playing a leading role in bringing up the water co-operatives as model organisations for distribution of irrigation water. The State Department, especially the PWD Irrigation Department or the Kadana Development Authority should help in evolving the new pattern for distribution of irrigation water. They should help the farmers and leading co-operators in formation of such water co-operatives. They should also make arrangements for entering into contracts with such water co-operatives after clarification on the following lines :

- (1) The minimum and maximum quantities of water to be received during each season and the rates for such quantities of water.
- (2) Sequence and time schedule for supply of water with details on rates of flow of water in each distributary on all working days.
- (3) Exclusive right on sole selling agency basis, for receipt and distribution of water in the operational area of the water co-operatives.
- (4) Penalties for non-compliance of supply or receipt of water by canal authorities and water co-operatives respectively.

After ascertaining from the canal authorities the quantity of water available to each water co-operative for distribution to the irrigators in the area of operation, a list of potential members indicating the quota of water (minimum and maximum limits) for each member should be prepared. The potential members would then be requested/advised to pay the necessary amount for shares or deposit to the water co-operatives at prescribed rates. Along with such process, the water co-operatives should arrange for measurement of quantity of irrigation water to be received in bulk and to be retailed to the farmers by constructing necessary structures and installing water metres or gauges at appropriate sites in the entire distribution net work.

Activities of the Water Co-operatives

A tentative list of activities of such Water Co-operatives prepared by the experts of ICM is as follows :

- (a) To enter into contract or agreement with the authorities supplying irrigation water from (i) the canals of Kadana Project, and (ii) other sources of water and to make arrangements for receipt of such irrigation purposes.
- (b) To supplement canal irrigation by creating or hiring wells, ponds, etc. and installing lift irrigation plants on such sources of water, so as to deliver irrigation water to the consumer-members in adequate quantity at proper time.
- (c) To plan out the entire distribution systems for irrigation water, to obtain water-ways like canals, minors, distributories, field channels, etc. constructed by Government or farmers and to construct new field canals if and when necessary for effective and efficient distribution of irrigation water to the fields of the farmer-members in every season.
- (d) To buy/obtain/procure/receive irrigation

water from the suppliers and to distribute/sell/supply the same to the consumers of water i.e. 'farmer-members' as per society's plans.

- (e) To fix matters regarding distribution of water e. g. i) rates of water to be charged in each season for each crop, ii) quantities of water to be supplied to each of the member-farmers, iii) time and method of recovery (cash or kind), (iv) sequence of irrigation to be followed, v) punishment to the members who do not follow proper sequence and quota irrigation water allotted to them and (vi) disposal of extra water in the system.
- (f) To make arrangements for measuring quantity of water, so that water can be sold on volumetric basis rather than on area basis so as to avoid wastage and inefficient use of water. (The unit of water may be acre-inch, hectare-cm., cusec-hour, lakh litres, cubic meter of any measure).
- (g) To arrange for the entire distribution system in such a way that the available water in the canal system or from the lift irrigation plants of the society is used for maximisation of farm-production. For such achievement the society will estimate the quantities of water available in each season and fix up the quota of water to be given to each member in each season or rotation of irrigation. The quota will be indicated in minimum and maximum limits of volume of water so that the farmer can plan his crops accordingly. If under exceptional circumstances the demand for irrigation water from the members is lower than the supply of such water available with the society on any day or during any season, the excess water will have to be disposed of in the best possible economic manner. As an exception, the society may sell part or whole of such excess water to the non-member at the rates acceptable to both i.e. the society and the buyers of excess water, so as to obtain salvage value from the excess water.
- (h) To arrange for supplying matching inputs for agricultural production e.g. high yielding seeds, fertilizers, pesticides, etc. as and when necessary.
- (i) To arrange for technical services like soil-testing and advisory services on proper and profitable use of irrigation water and other matched inputs of agriculture.
- (j) To participate in extension/educational programmes on farm-production organised by other institutions.
- (k) To promote the spirit of co-operation among the members and to carry on co-operative propaganda.
- (l) To co-operate with other institutions like District Co-operative Bank, District Co-operative Union, Milk Co-operatives, Co-operative Sale and Purchase Unions, Co-operative Processing and Agri. Produce Marketing Societies, District Taluka Panchayats. etc. which also promote development of the members of the society.
- (m) To participate in man-power development programmes and research programmes useful to the Society and its members.
- (n) To promote the growth of such water co-operatives in the Kadana Project area and to affiliate with or join the co-operative union, federation or association of such water co-operatives when and where formed in future.
- (o) To encourage thrift and habit of savings in the members by accepting members' deposits at proper interests and to invest surplus fund judiciously.
- (p) To accept 'service to the members' as main goal besides accepting profit for trade-development, capital formation and general development of the society as an important goal.
- (q) To carry out all other activities which would be useful in (i) developing the trade of water, (ii) growth of the society, (iii) serving the members of the society and (iv) overall achievement of the objectives of the society.

'UNNATI-VITTERAN'— A PROFILE IN PROGRESS

H. S. Brar and P. N. Bahl



A view of the Grocery and Cloth Section of the Agricultural Service Society Village Bharatgarh.

Punjab is experimenting with a new system of distribution of consumer goods in the rural areas. We publish below an article on this interesting project.

THE Project Unnati Vitteran which was inaugurated at Anandpur Sahib in District Roop Nagar by the Chief Minister of Punjab, Giani Zail Singh, has soon created a powerful impact on the rural-weak by literally entering into the warp and woof of their social and economic fabric through its diverse and well-directed services in the hitherto neglected sphere of supply of essential commodities and generation of local employment capabilities. No wonder, Unnati Vitteran is now a household word among the rural folk in the Anandpur Sahib, Ropar and Noor Pur Bedi blocks which currently fall in its ambit.

The project Unnati Vitteran, right from its initial start, has been insulated against, 'trial and error' tactics of thoughtless zealots both in the official and non-official spheres. In fact, it was conceived to implement the economic programme given to the nation by the Prime Minister, for its objects are not only the supply of essential consumers goods to the rural weak, but also the creation of substantial employment potential to the educated poor landless labourers, artisans,

women and children and handicapped. Through the Project, standard and pure consumer goods and controlled textiles are sold to the poor at their door steps minimising the indirect erosion of their hard-earned money and extricating them from the clutches of the unscrupulous shopkeepers; and also to avoid wastage of their time and energy incidental to the inconvenient pursuits of buying these goods from the distant markets and mandis.

With the objects clearly set, the execution of the project work has been attempted in a systematic and effective manner, sacrificing neither speed nor objectivity. Intensive supervision, public contact and suitable modulation of business and personnel policies as are warranted on actual experience gained, are the key notes of the Project Unnati Vitteran—an emerging profile in progress. In the beginning, it was felt that an organization should be set up at block level to undertake the multipurpose activities including consumer activity for serving the population, particularly weaker sections in the Anandpur Sahib Block and accordingly a cooperative society was registered with its



Cooperative Bhojan Bhondar at Anandpur Sahib

area of operation extending to this Block only. To start with, 24 Agricultural Service Societies in the block were selected and tied up with the State Consumers Federation (Constofed) acting through its branch office set up at Anandpur Sahib for exercising effective inventory control and judicious supply of goods. But it was experienced that during the first four months, the project could not make substantial progress, because of the inherent known weaknesses of the village Societies and their functionaries. It was, therefore, decided that the Constofed should run these distribution centres through its branch office to make them substantially viable and hand them over to the village Cooperatives who could be tied up with a Multipurpose Society with its area of operation consisting of three Development Blocks of Anandpur Sahib, Nur Pur Bedi and Rupar. It was found practicable to have one Administrative Office to control three blocks consisting of a population of about three lakhs.

Definite routes have been specified on which presently two four-wheelers ply and supply goods as far as possible according to the indents placed with the Branch Office. A prominent hoarding at a conspicuous point at each of the routes is installed

displaying the names of villages and the distribution centres serviced on a particular route.

The Constofed controls the inventory of items and in exercising this control, the project officer of the Constofed carefully takes into consideration the consumers preference in the particular area on the basis of the sales made. There have been occasions when the Project undertook downward revision of rates to avoid loss in competitiveness of prices charged by the distribution centres and withdrew couple of items that were not fast moving. A constant vigil is exercised by the officers of the Department, the Project Officer and its staff, ensuring supply of the desired items of quality at highly competitive prices; as a result, the project has achieved an enviable record of supplying over forty essential and other required items at the villages at retail rates lower by 10 per cent to 15 per cent compared to the operative market rates.

List of retail sale rates are displayed at the distribution centres and each item has been price tagged. To build confidence among the rural weak, refund of money has also been allowed where the rates charged for a particular item are reported to be higher than the prevailing market rates. Since competent salesmen are essential to the success of the project, steps have been taken to systemize their recruitment training and emoluments. Care has also been taken that the salesmen keep the same economic and social standards which the villagers maintain. They are paid far less than their counterparts in the cities. A candidate for the post of salesman is required to satisfy the following conditions :

1. That he is only a Matriculate, neither less nor more qualified academically;
2. that he belongs to the rural areas and furnishes requisite securities;
3. that he undertakes to receive training for one month without any remuneration and to work as salesman at least for one year,

Preferential

that he belongs to small farmer's or landless person's family, or is the son of a widow or belongs to backward classes.

A salesman is paid consolidated amount of Rs. 150/- per month for a period of three months or till his monthly turnover reaches Rs. 9,000/- whichever falls earlier; thereafter he is paid a consolidated amount of Rs. 175/- per month and a sales bonus at the rate of Re. 1/- per cent over and above the sale of monthly turnover of Rs. 9,000/-. A helper is paid Rs. 150/- and sales bonus of half per cent in the above manner.

Transport costs are met by the Project and in rainy season goods are transported even on camel backs to retain the confidence of the people.

The inventory of items supplied extends over forty items, including atta, rice, pulses, spices, vegetable ghee, mustard oil, tea, iodized salt, controlled cloth, laundry and toilet soaps, soda ash, tyres and tubes, battery and dry cells, requirements of school going children, khal, binolas, tara mira etc.

The Project has established a mini store, fruit and vegetable shops, and a carpentry shop. It has set up a Bhojan Bhandar which excellently caters to the local students of colleges, litigant public, pilgrims and Government servants. For a full meal, it charges Rs. 1.25 only and from a student, rupee one. Through the diversification of its activities, the Project complex has provided gainful employment to over 350 persons including women and children. Stock verification is arranged frequently through an in-built system and by the inter-transfer of the salesmen. No shortage is allowed. Purchases are made from source and at most favourable periods keeping in view very much the market trends.

One of the cardinal features of this Project as compared to other developmental projects launched by the Government is that all the success has been achieved without any financial assistance so far from the Government.

Convinced with the laudable objectives and successful operations of the Project, the *National Cooperative Development Corporation* have on the recommendations of the State Government and the Government of India agreed to provide suitable financial assistance to this Project, which has

been acclaimed as one of its own kind and in effect one of the 20-Point Socio Economic Programme in action.

With better confidence, financial strength, accumulated experience and skill, the Project 'Unnati Vitteran', (dispersal of progress) fast and furious in its operations, bids fare to grow from strength to strength in the service of hitherto exploited folks in the rural areas.

The Project had the unique benefits of frequent visits and the advice of the Chief Minister, Deputy Minister Cooperation, experts of the N.C.C.F. and I.L.O., and very senior officers of the Government of India, N.C.D.C. and the State Government. The other welcome aspect of the Project is that it has a Project Officer possessing proper business acumen and marketing intelligence. It will not be out of place to mention here some of the observations documented by the Press.

Statesman

The Project can be a turning point for the cooperative movement in the country as it is self-sustaining and self-generating and does not have the weaknesses of the old scheme of Consumer Cooperative Stores. Careful selection of items and early clearance of stocks are made; stocks are verified periodically and salesmen are given low salaries but a bonus for good sales.

The Tribune

Mr. Bhagat Singh, Deputy Commissioner told Pressmen from Chandigarh here on Saturday that the success of the Project could be judged from the fact that first demand of all villagers in the district now was for opening a shop under this programme.

Most of the villagers and local leaders said the Project had succeeded because the stores sold genuine goods at competitive prices.

The prices charged by the cooperative stores are 10 to 20 per cent below the market prices.

Since the funds are not blocked in heavy stocks

of unwanted goods the project has been making strides. Most of the 130 jobs have been grabbed by local matriculates. The uneconomic cooperative stores have become viable. The project has in its own way succeeded in helping implement the 20-Point Programme in one of the most backward regions of Punjab.

National Herald

The seeds of the new movement were sown by 'Unnti Vitteran' (distribution of fruits of progress), a job-oriented pilot project launched nine months

ago to undertake rural distribution of essential consumer articles.

The middle-man entrenched in the rural economy is already feeling the pinch of the new movement. He is now unable to make undue profits as the project shops are selling goods cheaper by ten to twenty per cent.

One of the novel aspects of the new experiment is that no grants or subsidies have been taken from the Government for launching the Project.

COOPERATION HAS TO BE THE PHILOSOPHY OF OUR LIFE

RASHTRAPATIJI

IN his Independence Day broadcast, the President spoke of the role of cooperatives in the following terms :

"Next to population control, I believe the cooperative movement holds the key for accelerating the process of economic growth and social transformation. Cooperatives offer unlimited possibilities of peoples' participation in economic resurgence. Cooperation has to be the philosophy of our life and must pervade our production and distribution systems. Only, if there are agricultural producers cooperatives, industrial cooperatives, marketing cooperatives—in a word cooperatives to cover all aspects of our production, marketing and consumption, we will be able to

eliminate the profiteer, supply the inputs at reasonable prices and arrange an equal exchange between industrial and agricultural products and between the town and the countryside. The recent spurt in prices of some commodities is not only a warning against complacency but a demonstrative proof that forces that trade in people's misery cannot be completely vanquished unless distribution, at least of essential commodities, is taken over by cooperatives. The efforts of the Government to put down anti-social elements can succeed only with the active participation of the people. I, therefore, appeal once again to public-spirited citizens to come forward and organise and run such cooperatives in every village and mohalla in our towns.

SPREAD OF CONSUMER MOVEMENT IN VILLAGES

R. S. Umre

THE majority of people who produce and feed the country live in its five lakh villages. It is anomalous that the people who produce foodgrains and feed the population are subject to exploitation in various ways, and at times have to suffer for want of essential consumer articles including foodgrains. This leads us to believe that production of essential consumer articles is as important as their proper distribution. Attempts have been made in the past to arrange the distribution of consumer articles through cooperatives in rural areas, but they were not adequate. The Government is now keen to see that the rural masses get foodgrains and other essential consumer articles through public distribution system and cooperative channel. In the past, whenever there were shortages due to war or famine, measures were taken to set up urban consumer stores in cities and towns, but for the villages, there was no systematic arrangement for distribution of essential consumer goods through cooperatives.

For the first time, suitable arrangements on systematic lines for distribution of consumer goods in rural areas have been introduced. The reason for this is largely introduction of the 20-point economic development programme announced by the Prime Minister last year. The very first point of this programme relates to the steps to bring down prices of essential commodities and to attempt their equitable distribution.

To save the consumers from the clutches of the private traders, it was felt necessary to set up small cooperative consumer retail stores in the villages. The cooperative structure is already widespread and well-built in the country. A small number of cooperatives and marketing societies at mandi level

are already engaged in the distribution of consumer goods in rural areas. In order to strengthen these and to involve a large number of such cooperatives in rural distribution activity, it was considered necessary to provide financial assistance to them. Since the societies belong to the consumers it would be an ideal situation that they themselves run the shops for their own benefit.

Presently, about 50,000 societies are engaged in the distribution of consumer articles in rural areas and their total turnover during 1974-75 was of the order of Rs. 400 crores. Looking to the size of the country and the number of villages (over 5 lakhs) to be covered by service cooperatives, turnover handled by them is quite insignificant.

The National Cooperative Development Corporation, which is charged with the function to promote and finance the development of agricultural produce, is also responsible for development of rural consumer programmes in the country. The NCDC believes that the welfare of farmers lies not only in providing means by which they can earn more return on their produce but also in saving them from exploitation, as consumers. One cannot forget that producer is also a consumer. The scheme introduced by the NCDC during 1975-76 provides financial assistance to the secondary society which may be a primary marketing society or a branch of the State Consumers Federation or State Marketing Federation in the form of share capital for raising necessary finance from the cooperative/commercial banks required for distribution of consumer articles. It also provides assistance for furniture and fixtures for modernisation of shops by putting up counters, racks, scales, etc. It was considered necessary that these secondary societies should possess transport vehicles which

could be used for carrying goods from the purchasing points to the stores located at mandi levels and from stores to the village service societies level. For this purpose, NCDC also provides funds for purchase of transport vehicle by a secondary society. The village societies which could set up small retail outlets are also entitled to the assistance by the NCDC.

During 1975-76, about 80 projects have already been assisted and an amount of Rs. 78 lakhs has been sanctioned to various States. It is expected, with this assistance, the concerned societies would set up projects for distribution of consumer articles in rural areas and these projects would act as pilot projects. The benefit of the scheme would be extended to the maximum to the rural consumers. The NCDC has a programme also to assist

a large number of projects during the current financial year. In this connection, it is necessary to emphasise that finance is not a means to an end. The end is the development of consumer activities for the benefit of villagers so that they could get essential consumer articles of good quality at reasonable rates.

As a great majority of people live in villages, there is a need for spreading the consumer movement in rural areas with greater speed, so that the rural consumer movement becomes a mass consumer movement. The essence of the slogan 'Garibi Hatao' lies in the fact that every 'Garib' is in a position to feed himself and his family properly. This he can do if due distribution justice is given to him. This is possible only through cooperative endeavour.

NCCF DELEGATION TO USSR

A high level NCCF delegation under the leadership of Shri G.R. Govindarajulu, Director, National Cooperative Consumers' Federation (NCCF) visited USSR on the invitation of CENTROSOYUS Moscow, the apex level cooperative organisation in the country. Shri M.S. Gill, Managing Director of National Cooperative Development Corporation and Director NCCF, Shri Aryadan Mohammad, Vice-Chairman National Cooperative Agricultural Marketing

Federation of India Ltd., Shri N.V. Janarthana Rao, M.L.C. Director, National Cooperative Consumers' Federation Ltd., and Shri G.K. Chatrath, Director, National Cooperative Consumers Federation Ltd. were the other members of the delegation. The purpose of the visit was to study the working of various cooperatives in general and consumers' cooperative in particular in USSR and the scope of development of mutual trade relations on cooperative to cooperative sector.

PROGRAMME OF ACTIVITIES OF THE NATIONAL COOPERATIVE DEVELOPMENT CORPORATION

THE Programme of Activities of the Corporation for the year 1976-77 as approved by the General Council in its meeting held on 8th March, 1976, includes the following four types of schemes:—

- (i) Centrally Sponsored Plan Scheme;
- (ii) Central Sector Plan Schemes;
- (iii) Corporation Sponsored Schemes; and
- (iv) Schemes to be financed subject to availability of funds.

The Government of India have now communicated their approval to the programme as endorsed by the General Council. While approving the programme for 1976-77, the General Council took the following decisions :

- (i) As suggested by the President, the NCDC should assume full responsibility for the development of handlooms in the cooperative sector.
- (ii) Activities of the NCDC should be diversified to cover cooperative marketing and processing of sericulture, coir, bamboo, etc. products. An expert group should be set up to make in-depth studies, so as to evolve suitable result-oriented programmes.
- (iii) As suggested by the President, the NCDC should assume a larger developmental role and need not confine its activities to only those spheres of cooperation which are directly under the administrative control of the Union Department of Civil Supplies and Cooperation.
- (iv) In view of the constraints on Government funds and market borrowings and in the context of increasing demands on the NCDC's resources for various cooperative development programmes, the NCDC should

examine the possibility of successful co-operatives contributing a part of their surpluses to the National Cooperative Development Fund, so that these funds could be utilised for the overall development of cooperatives including rehabilitation of sick units.

- (v) In view of the crucial role of professional managers in the success of cooperative institutions, the financing institutions like IFCI and NCDC should increasingly enforce discipline to ensure sound and stable management of cooperative projects. The financing institutions should also endeavour to ensure that the Board of Directors of cooperatives are composed of competent persons and their nominees on such Boards keep a vigilant watch over their functioning.
- (vi) The NCDC should evolve suitable measures to continuously monitor the working of large-sized cooperative projects, particularly sugar factories and spinning mills.
- (vii) As there is vast export potential for fruit products and readymade handloom garments, the possibilities of foreign market for these commodities preferably on cooperative to cooperative basis may be explored by national level organisations like NAFED & NCCF.
- (viii) The cooperatives and public sector spinning mills should increasingly sell their yarn to handloom weavers avoiding the middlemen. It was also suggested that spinning mills in the cooperative, public and private sectors may adopt selected handloom villages for improving the handloom design and technology.
- (ix) In order to ensure fuller utilisation of the capacity of cooperative cattlefeed units,

the NCDC should ensure that such units are linked up with the dairies both in cooperative and public sector.

- (x) With regard to establishment of cooperative sugar factories, the NCDC should ensure that unit-wise programmes for development

of cane around the sugar factory area are drawn up in advance & effectively implemented so that adequate cane could be available before the factory concerned goes into production. It was suggested that the expenditure on cane development may form part of the capital cost of the project.

GAUHATI COOPERATIVE WORKERS WELCOME

T. A. PAI

A rousing reception was accorded to Shri T.A. Pai, Union Minister for Industry and Civil Supplies by a capacity crowd of distinguished cooperative workers of the State at a meeting held on June 8, 1976, at Congress Bhawan. Shri Sarat Chandra Sinha, Chief Minister of the State was also present.

Eminent Cooperative leader of Assam, Shri Dharani Dhar Das, M.P., and the President, Assam State Cooperative Union, welcoming Shri Pai said that cooperatives in Assam had replaced 700 and odd private wholesalers. Assam is the pioneer state in the country to take over retail distribution of essential consumer goods through 664 G.P.L. M.P.C.S. and cover the entire population of the State. To his mind cooperative is a mass movement involving spontaneous leadership of the people. It achieved notable success in procurement of food-grains and stabilised the price level.

Shri Pai's advice

Shri Pai thanked the people of Assam for the warm welcome accorded to him. He said that Shri Das is his good friend. He is not only a Minister of Cooperation but also a cooperative worker of

long standing. He said that Mahatma Gandhi was a true cooperator who used to search out his heart as to what he was doing and how he was going to face the challenge. He emphasised that the cooperatives will have to shoulder greater responsibility both in the field of production as well as in distribution. He, observed that the consumers' interests could best be served if the production should be maintained at the maximum level. Shri Pai further underlined the importance of maintaining a buffer stock of food to serve the consumers uninterrupted. He said since 50 per cent of the national income was derived from agriculture, it must be modernised. A more aggressive policy was therefore essential in this sector to capture the foreign markets for agricultural products like tea, jute and textiles.

He said that vital factor for more production was to give the poor farmers necessary support with finance and inputs. He cautioned that if the supporting cooperatives failed to offer necessary assistance to the poor farmers then there would be all round frustration. Shri Pai said this was a great challenge to the cooperatives and hoped that they would function with a missionary zeal for raising the agricultural production.

SHORT-TERM PROGRAMME IN COOPERATION FOR UNIVERSITY TEACHERS

THE Vaikunth Mehta National Institute of Cooperative Management, Poona, organised a short-term Programme for University Teachers in Cooperation for a period of 8 days from 1st to 8th June 1976. The programme was open for university and college teachers from all over India. In all 42 nominations were received and all of them were admitted. However, 24 participants coming from different states in the country participated in the programme. The programme was inaugurated by Principal T. K. Tope, Vice-Chancellor of the Bombay University on 1st June 1976. In his inaugural address, Principal Tope referred to his close association with Late Shri Vaikunthbhai Mehta, a veteran cooperator, and a social and political worker. He mentioned that personalities like Vaikunthbhai are rarely born. Referring to the role of cooperative movement in this country, Principal Tope said that cooperatives are the most suitable agencies for the economic development of common man in this country. Taking a review of the achievements of the cooperative movement in this country during the last 60-70 years, Principal Tope said that the cooperatives have not achieved the desired objectives so far and it is for the cooperative leaders to take a note of this and accept the challenge of the day. The 20 point economic programme, he said, provides ample opportunities for cooperatives to undertake various activities for the economic betterment of common man in this country.

Professor G. B. Kulkarni, Director of the Institute, while welcoming Principal Tope, explained the various activities that the National Institute is presently undertaking. He mentioned that they are trying to undertake training programmes suiting to the requirements of cooperative institutions and departmental officers. The Research and Consultancy programmes presently

undertaken by the institute are well appreciated by national organisations and cooperatives and it is because of this that they are receiving more and more offers for conducting various research studies.

On the third of June 1976, Smt. Prabha Rao, Minister for Education, Government of Maharashtra, addressed the participants of this programme. The topic for her talk was "the role of cooperatives in the field of economic development of this country and their achievements". The address of the Minister was thought-provoking and was well appreciated by the participants. She mentioned that the cooperatives should not merely deal in the supply of agricultural credit but should also look to the other requirements of the farmers. She referred to the problem of soil testing, supply of adequate water and other inputs and said that the cooperatives have done very little in this respect. The autonomy of cooperatives should be maintained and the institutions should not be normally interfered in their day-to-day working by outside agencies.

Shri R. G. Tiwari, M.P., and President of the National Cooperative Union of India also addressed the participants. Shri Tiwari mentioned that the responsibility of trainers and the training institutions was heavier than any body else's. It is not enough to give training, examine the candidate and give certificates, but what is required is to create their faith in cooperation. Unless we are in a position to generate these ideas, formal training is not enough. Shri Tiwari requested the participants to create a zeal and faith in the students so that after the training, they should go with a spirit to serve the people. Referring to the problem of poverty, Shri Tiwari said that the Government alone cannot solve these problems because of limited resources. All of us have to contribute in this

process and it is here that the cooperatives can play a very important role in bringing about a socio-economic change.

For class-room discussion, various important topics covering different areas of cooperative activity were selected and necessary background papers were prepared by the concerned faculty members of the Institute. The discussions mainly centered around the problems of cooperative credit, supply and marketing, processing consumers cooperation and the problems of administration and management of cooperatives. The participants took keen interest in all these discussions.

As a part of this programme study visits were organised to selected institutions which included a two days visit to Akluj Cooperative Complex. In the Akluj Malsbiras area, the cooperative sugar factories have helped to establish various big and small cooperative units under the able leadership of Shri Shankarraoji Mohite-Patil, who happens to be the Chairman of the Maharashtra State Cooperative Sugar Factories Federation. Shri Mohite Patil himself was present on both the days and had a thorough discussions with these academicians on various problems of cooperatives. This discussion helped to remove the misunderstanding amongst the academicians about the sugar cooperatives. He also showed them round all the cooperatives in the complex including a poultry cooperative, programme of cross breeding, soil testing, and also the activities of agriculture market committee. The participants visited and studied

the working of three cooperative sugar factories in the area, viz. Yeshwant Cooperative Sugar Factory, Malinagar Cooperative Sugar Factory and Sada-shivnagar Cooperative Sugar Factory. Of these three, the second one has been a unit taken over by a cooperative sugar factory from a joint stock company while the third one is a cooperative sugar factory converted from a private sugar factory. Shri Mohite Patil has developed a second rank leadership in the area and it is under his able guidance that these cooperative units are functioning successfully. The participants of the programme also visited educational institutions and a Gram Panchayat. The Akluj Gram Panchayat is the biggest in Maharashtra with about 42,000 population and Rs. 16 lakhs income per year. The participants of the programme were deeply impressed by the socio-economic change that has been brought about because of the cooperatives and they complimented Shri Mohite Patil for his able leadership.

Dr. P.C. Shejwalkar, Director, Institute of Management Studies, Poona, delivered the valedictory address. He referred to the role of teachers in various fields in encouraging the cooperative organisations. The teachers, he said, should actively associate themselves with the work of cooperatives in their area. Dr. Shejwalkar complimented the Vaikunth Mehta National Institute of Cooperative Management for its activities in the field of training, research and consultancy.

STAFF NEWS

Shri K.S.N. Raju, Deputy Director (Processing) is posted as Deputy Director (Marketing)

Shri N.K. Ghosh, officiating Deputy Registrar of Cooperative Societies, West Bengal, has been appointed as Deputy Director in the Corporation (on deputation) and posted as Dy. Director (Processing) Vice Shri K.S.N. Raju transferred with effect from the forenoon of 10-8-76.

FROM HERE AND THERE

Cooperative Seed Development Project in Tamil Nadu

NATIONAL Cooperative Development Corporation sanctioned a loan assistance of Rs. 65.80 lakhs to the State Government for setting up a cooperative seed development Project in Coimbatore District. The project is to be implemented in two phases by the Tudiyalur Cooperative Agricultural Services Ltd., (TUCAS) and nine other cooperative marketing societies in the district with TUCAS as the lead Society.

Subsidy to Units to be treated as Promotor's Equity

The Central subsidy to units in backward areas will be treated in future as promotor's equity for the purpose of financing of enterprises. So far these had been considered as loans.

One-third of the financial assistance extended by IFCI (Industrial Finance Corporation of India) had gone to backward areas, one-third to the cooperative sector and the rest to other areas of the country. The small sector must grow on the basis of its own intrinsic worth.

Various financial institutions like IDBI, ICICI and LIC were actively considering it.

Fodder-Cum-Dairy Farm in the Cooperative Sector

The first project of its kind, in the Tribal Sector, a fodder-cum-dairy farm is being set up on 80 acres of land at Jhargram by the Jhargram Cooperative Dairy Milk Supply Society Ltd. The society at present is producing 400 litres of milk per day—this quantity will be increased to 5,000 litres of milk per day in the 1st phase after commissioning the farm. The milk will be supplied to Kharagpur town, Kalaikunda Air-force township and the nearby places.

Shri Dipak Ghose, IAS, the D.M. has been the moving spirit behind this project and has been instrumental in getting the land to the society. Vidyasagar Bank is providing finances to the society for this Project. The society owns 20 Holstein cows for the present. A milk bottling plant for condensed milk will be set up soon. 201 members of the society own 130 Milch cows. When completed, the project will offer employment prospects for about 300 persons.

F.A.I. Training Course for Fertiliser Marketing Personnel

The Fertiliser Association of India has been periodically conducting short-term courses for Marketing Personnel of Fertiliser Companies and Cooperatives. The FAI has already conducted fourteen training courses, and the fifteenth is being held at Bangalore from September 6-18, 1976. The course is designed for the middle to higher level executives engaged in marketing of fertilisers with a view to equipping them with necessary skill and training them to conduct similar or modified programmes for their salesmen and dealers in order to enhance the competence of the existing marketing executives. So far 44 executives from the cooperative sector have participated in the courses conducted by the FAI.

Technical and Promotional Cell with Experts on Sugar Engineering

The Corporation sanctioned financial assistance for the establishment of a Technical and Promotional Cell by Gujarat Rajya Sahakari Khand Udyog Sangh Ltd. The Cell consists of three experts (i) Senior Sugar Engineer (ii) Senior Sugar Technologist and (iii) Financial Adviser-cum-Cost Accountant. The assistance would be in the form of a subsidy of 90% of expenditure for a period of five years.

Establishment of a Crumb Rubber Factory in Kerala.

The NCDC sanctioned a loan assistance of Rs. 15.12 lakhs to the Government of Kerala for assisting the Kozhikode District Cooperative Rubber Marketing Society Ltd., for the establishment of a crumb rubber factory at Koodathi in Kozhikode District for processing 3.5 tonnes of field Latex and scrap rubber into technically specified block rubber per shift of eight hours, at a block cost of Rs. 23.26 lakhs.

Jute Baling Unit in Tripura

The NCDC sanctioned financial assistance of Rs. 2.323 lakhs to the State Government of Tripura for the establishment of the jute baling units by the Bishalghar and Melaghar Primary Marketing Societies.

Financial Assistance to Rural Consumers' Cooperatives.

National Cooperative Development Corporation has sanctioned Rs. 9.48 lakhs for assisting 16 projects in the States of Karnataka, Himachal Pradesh and Andhra Pradesh under its rural consumer scheme. As a result of this assistance, these societies are expected to expand their business.

Assistance to Cooperative Sugar Factories

The Corporation released the 2nd instalment of Rs. 25.56 lakhs to the Government of Uttar Pradesh for participation in the share capital contribution of Kisan Sahakari Chini Mills Ltd., Bilaspur, District Rampur, and Budaun, District Budaun.

NCDC sanctioned financial assistance of Rs. 15 lakhs to the State Government of Maharashtra for participating in the share capital of Daulat Sahakari Sakhar Karkhana Ltd., District Kolhapur and Rs. 60 lakhs to the State Government of Uttar Pradesh for participating in the share capital of Kisan Sahakari Chini Mills Ltd., Nadehi District Nainital.

NCDC reimbursed an additional amount of

Rs. 5 lakhs to the Government of Andhra Pradesh for participation towards share capital collection of Vijayarama Gajapati Cooperative Sugars Limited, Andhra Pradesh.

The Corporation also rendered financial assistance of Rs. 32.50 lakhs to the State Government of Uttar Pradesh for share capital participation towards Kisan Sahakari Chini Mills Limited, Satha, District Aligarh.

NCDC sanctioned a loan assistance of Rs. 28 lakhs to the Maharashtra State Cooperative Bank by way of reimbursement towards establishment of the distillery by the Nira Valley Cooperative Distillery Limited, at Phaltan, District Satara.

Release of Margin Money Assistance for Fruit and Vegetable Processing Cooperative Society

The Corporation reimbursed an amount of Rs. 1.288 lakhs to the Government of West Bengal under the Central Sector Scheme for cooperatively underdeveloped States/Union Territories for assisting the Darjeeling Fruit and Vegetable processing cooperative society Ltd., Siliguri.

Financial Assistance for Fluid Milk Plant at Jullundur

NCDC sanctioned Rs. 9 lakhs to the Punjab State Cooperative Bank Ltd., Chandigarh, towards reimbursement of the financial assistance released by the bank for the establishment of a Fluid Milk Plant at Jullundur by the Doaba Cooperative Milk Producers Union Ltd., Jullundur.

Assistance for the Establishment of Consumer Industries by Cooperatives

NCDC sanctioned Rs. 5 lakhs to the Government of Punjab for establishment of a Woolen Hosiery Unit by the Punjab State Federation of Consumer Cooperative Wholesale Stores Ltd., Ludhiana.

Assistance for Selected Cooperative Marketing Societies/Village Service Societies.

NCDC released Rs. 3.40 lakhs to the Government of Gujarat, Rs. 5.21 lakhs to the Government

of Orissa and Rs. 18.14 lakhs to the Government of Maharashtra for assisting lead societies and village service societies for increasing their consumer business as per programmes envisaged by them.

Corporation also sanctioned Rs. 6.39 lakhs to the Government of Uttar Pradesh for assisting selected cooperative marketing societies/village societies in Uttar Pradesh.

Training Programme

The National Council for cooperative training (NCUI) New Delhi has organised various short-term functional courses in the field of cooperative marketing, processing and supplies during the year 1976-77 through its Cooperative Training Colleges. The following courses on distribution of fertiliser/other inputs have been proposed by the N.C.C.T.

Course

1. Functional Course in distribution of fertilisers improved seeds, agricultural implements and insecticides/pesticides
2. Functional course in fertiliser consumption and distribution

Place	Duration
1. (i) Hyderabad	17th—30th Aug. 1976
(ii) V. V. Nagar	6—18th Dec. 1976
2. Dehradun	31st Jan.—13th Feb. 1977

The courses are being organised specially with financial assistance from *National Cooperative Development Corporation* in order to acquaint the participants with the operational aspects and to lay emphasis on the latest practices of fertiliser consumption and distribution. These courses cover the practical aspects in order to improve the operational efficiency of the cooperative marketing societies engaged in stocking and distribution of fertilisers and other agricultural inputs.

Release of Margin Money Assistance for Cooperative Spinning Mills Ltd.

The NCDC sanctioned to the Government of Gujarat a loan assistance of Rs. 18.48 lakhs towards provision of margin money to the Vishnagar Cooperative Spinning Mills Ltd., to enable the Society to raise the working capital loan from Cooperative/Commercial Banks.

Assistance to Cooperative Marketing Societies or Expansion of Existing Ginning Factories

The Sandhwa Cooperative Marketing Society Ltd., Sandhwa, located in a notified tribal area of Madhya Pradesh, has been sanctioned a financial assistance of Rs. 9.60 lakhs by the National Cooperative Development Corporation for the expansion of the existing ginning factory by adding 12 D.R. gins and a press. With the above expansion, additional ginning capacity of 1,000 bales of lint cotton will be created in the cooperative sector in Madhya Pradesh.

The NCDC sanctioned Rs. 4.06 lakhs for expansion of two existing ginneries one each at Telhara in Districts Akola and Nagpur. With the above expansion, additional ginning capacity for 10,000 bales of cotton will be created in the cooperative sector in Maharashtra.

Assistance for Cooperative Storage

The NCDC sanctioned Rs. 12.32 lakhs and Rs. 11.45 lakhs for the installation of two new cooperative cold storages of 2,000 M. T. each by the Jangipur Cooperative Marketing Society and the Kaimganj Cooperative Marketing Society in Uttar Pradesh.

Assistance for Setting up of Spices Powdering Unit

The NCDC sanctioned a loan assistance of Rs. 1.80 lakhs to the Government of Rajasthan for assisting the Rajya Sahakari Upbhokta Sangh Ltd., for setting up a spices powdering unit at Jaipur.

Weaver Cooperative Spinning Mills in Tamil Nadu

National Cooperative Development Corporation

rendered a financial assistance of Rs. 84.60 lakhs to the State Government of Tamil Nadu for expansion of four weavers Cooperative Spinning Mills at Vellore, Tirunalveli, Mellur and Aramboly.

Financial Assistance for Setting up an Oil Mill

The NCDC sanctioned a loan assistance of Rs. 8.232 lakhs and a subsidy of Rs. 2.744 lakhs to the Rongkhong Sub-Area Cooperative Marketing Society Ltd., Dankamokam, Mikir Hills District in Assam for setting up an oil mill, based on mustard seed with a capacity of processing 3.5

tonnes of mustard seed per shift of 8 hours.

Assistance for Purchase of Transport Vehicles

NCDC sanctioned Rs. 2.810 lakhs (including Rs. 0.935 lakhs as subsidy) to the Meghalaya State Cooperative Federation Ltd., for the purchase of 3 transport vehicles. Similar assistance amounting to Rs. 1.25 lakhs for 2 trucks to 2 societies in West Bengal has been provided. Two societies in backward States of Bihar and one in Himachal Pradesh have also been provided share capital assistance amounting to Rs. 1.50 lakhs to enable them to expand their business turnover.



A pleasure of plenty—View of vast pineapple Garden of the Kamadhenu Co-operative Fruit processing Society Ltd., Sirsi, North Kanara, Karnataka.

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A Ladakh Belle

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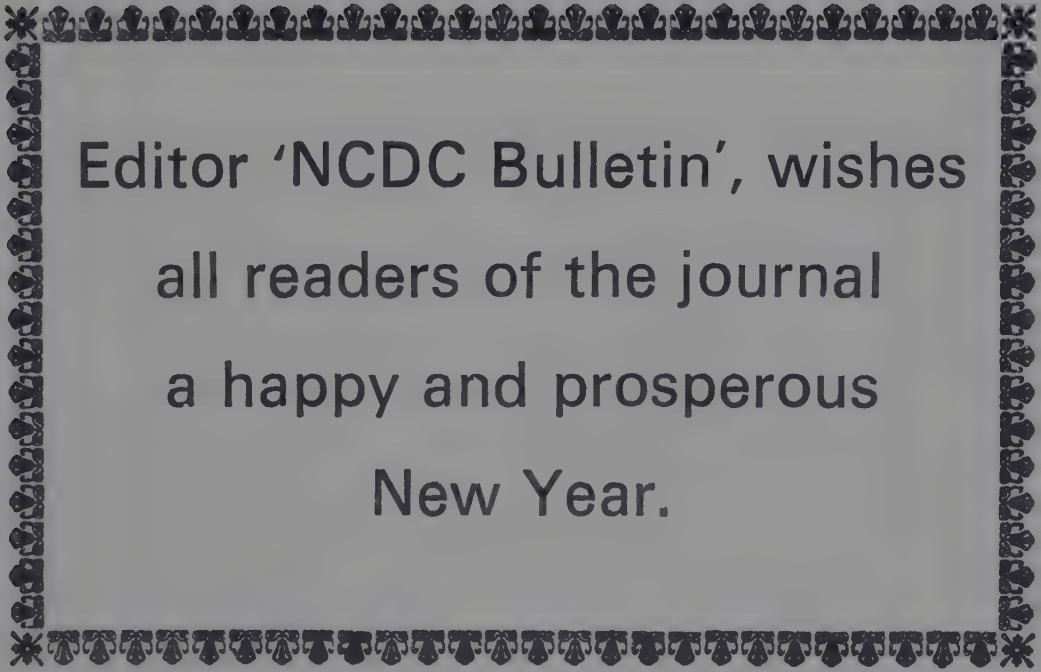
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BULLETIN

OCTOBER & DECEMBER 1976





Editor 'NCDC Bulletin', wishes
all readers of the journal
a happy and prosperous
New Year.

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EDITOR : **N. N. Trehan**

Views expressed in articles published are of the authors and not necessarily of the Corporation.

COOPERATIVE MOVEMENT IN INDIA— AN YEAR END REVIEW

Syed Mir Qasim

COOPERATIVE movement in the country has, by and large, come on its own during the past two years. The implementation of the 20-point economic programme had provided it the necessary fillip and the consumers' cooperatives have succeeded in acting as pace setters for trade. Their market operations have helped in first reducing and then stabilising prices and making available essential commodities at reasonable rates to vulnerable sections of society (particularly in the rural areas) including the student community. Cooperatives have also helped, in their own small way, in improving the economy of the country. The cooperatives now are being broadbased and their functions diversified. Steps have also been initiated and are being further intensified to make societies viable. The activities of the cooperatives now cover cooperative marketing and processing of foodgrains, sugarcane, cotton, jute, oilseeds, fruits and vegetables, plantation crops, cold storage; development of cooperatives for dairy, poultry and fisheries; production and distribution of fertilisers and other inputs, and consumer cooperatives in rural and semi-rural areas, tribal areas and cooperative storage.

The cooperative movement has had an uneven growth in different States. In its earlier stages, it made significant impact in the advanced States in the field of agriculture marketing, processing and in the distribution of agricultural requisites and consumer goods. While in the

Eastern States and in Rajasthan, Himachal Pradesh and Jammu and Kashmir, they had much to undertake to make a proper impact. The movement in a few States and Union Territories, however, is still in its infancy and at many places societies are lying defunct. Further, even in advanced States, cooperatives have not succeeded in offering full facilities to their members particularly in areas predominantly inhabited by tribal population and also in the hilly areas.

National Cooperative Development Corporation

The National Cooperative Development Corporation, a statutory body under the Ministry of Civil Supplies and Cooperation, is now devoting much more attention to the cooperatively under-developed States and Union Territories and to the tribal and other backward sections of the community. The Corporation, as part of its promotional planning and financing of cooperative efforts, is attempting to remove the regional imbalances. It had initiated surveys in some of the under-developed States to locate defects and suggest corrective measures for expeditious improvement. Surveys are also aimed at exploring the possibilities of establishing agro-processing units on cooperative basis so as to ensure a better price to the agriculturist.

The Corporation has also taken steps to provide assistance for creation of necessary facilities for storage and transport to enable cooperative societies to offer better services to their members. A Central sector scheme to provide financial assistance for the promotion of cooperative movement in comparatively under-developed States and Union Territories during the Fifth Plan, was introduced in 1974-75 with a provision of Rs. 14.85 crores for the development of cooperative marketing, processing, storage and supplies. During the first two years Rs. 2.5 crores were spent on various programmes drawn up for these areas and the current year's outlay is of Rs. 3.85 crores. The outlay for 1977-78 is likely to be Rs. 4.5 crores.

Financial Assistance for Backward Regions

A special pattern of financial assistance has

been evolved to augment financial resources of cooperatives to enable them to overcome the limitations in the augmentation of resources by the members themselves. In addition, more liberal loans at slightly cheaper rates of interest offering a liberal element of subsidy are offered to cooperatives in the under-developed States, tribals and difficult areas.

The NCDC has carried out a detailed survey of Lakshadweep Island, which are predominantly inhabited by tribals, with a view to identifying their problems and to suggest action-oriented programme for expeditious improvement of the performance of cooperatives. Financial assistance of Rs. 9 lakhs has been provided for the purchase of a cargo vessel to the Apex Marketing Federation of the Island. Proposals for construction of two big godowns at Kazikode and Mangalore are also under consideration besides a number of other proposals. A similar survey, on the recommendations of a high level team, has also been sponsored for Sikkim through the National Council of Applied Economic Research to make specific recommendations for successful marketing of cardamum and oranges through cooperatives. It is also now proposed to conduct a detailed survey to study the prospects for promoting cooperative movement in Andaman and Nicobar Islands.

Development of Tribal and Hilly Regions

An intensive programme of developing cooperatives in the tribal areas has been taken up. Financial assistance of about Rs. 3.77 crores has already been provided to various States and Union Territories Governments. During the current year, there is a provision of Rs. 40 lakhs for tribal projects and for the next year 1977-78 the outlay is Rs. 75 lakhs.

While cooperatives in the hilly areas in cooperatively under-developed States are, by and large, covered by scheme for tribals and have been getting assistance on liberal terms, the NCDC has recently decided to treat the hilly areas in the advanced States at par with the cooperatively under-developed States for purposes of financial assistance. A sum of Rs. 10 lakhs has been earmarked for this purpose.

Price Stabilisation

Cooperatives have been playing an important role as pace setters for price stabilisation. Price stabilisation and supply of essential commodities to consumers at fair prices are two basic and essential features of the twenty-point economic programme. The service cooperatives (Agricultural Credit Societies) at the village level and the primary marketing societies at the Block and Taluka level are already engaged in this task. During 1974-75, 51,388 service cooperatives and 1,894 primary marketing societies distributed essential and other consumer goods worth Rs. 395.05 crores. With a view to further boost their activities, a scheme has been drawn up for the development of rural consumer business through the existing cooperative structures at the primary and intermediate stages so as to increase the total cooperative consumer business in rural areas to Rs. 600 crores by the end of the Fifth Plan periods. Under this scheme, which is being implemented since January 1976, assistance is provided to the lead society (Primary Marketing society or a branch of State Cooperative Marketing Consumer Federation or a District Consumer Wholesale Store) for undertaking distribution of consumer goods in a compact area through a group of 22 to 25 service societies.

The NCDC provides margin money assistance for raising working capital, loan-cum-subsidy for purchase of furnitures, fixtures, fittings and transport vehicles. Assistance is also provided under the scheme for setting up of a semi-modern shop by the services societies working under the lead society. 168 projects covering 3282 village societies in 15 States have been assisted under the scheme till the end of November 1976. These societies are expected to increase their business by about Rs. 37 crores by the end of 1976-77. During the remaining three months of the current fiscal year, 100 projects involving an assistance of Rs. 1.25 crores are likely to be assisted. For 1977-78, a financial outlay of Rs. 2.88 crores has been provided for assisting 200 new projects.

Setting up of Consumer Oriented Industry

Financial assistance is being provided by the

NCDC since May 1976 to the National Cooperative Consumers' Federation, State Consumer Cooperative Federations and District Wholesale Consumer Stores to set up consumer oriented industries for producing mass consumption goods for distribution to the consumers in the rural areas through the cooperative network. Under the scheme, the NCDC provides assistance to the extent of 80 per cent of the cost of the project by way of loan and the balance cost would be met by the State Governments (15 per cent) and the society (5 per cent). Seven such consumer based industries have already been approved and financial assistance worth Rs. 17.37 lakhs sanctioned. The projects approved are for woollen hosiery units, coffee grinding and spices powdering units, toilet and laundry soap manufacturing units, bakery units and dal mills etc. During the remaining period of the year, another 15 projects involving a financial outlay of Rs. 30 lakhs are likely to be sanctioned. About 40 such projects involving a financial involvement of Rs. 1 crore would be sanctioned during 1977-78.

The establishment of consumer oriented industries and distribution of essential and other consumer goods by the cooperatives are expected to reduce the distribution channels and thereby the distribution costs. This would enable the cooperative societies to ensure remunerative prices to the producers and quality and cheaper goods for the consumers.

Price Support as a Price Stabilisation Measure

The Central Government has recently announced minimum support price for groundnut and sunflower seeds. The price support operation has been entrusted to the National Agricultural Cooperative Marketing Federation which is undertaking these operations through the State Cooperative Marketing Federations. Financial assistance for this purpose will be provided by the NCDC. In addition, the NCDC has also drawn up a Five Year Plan for the development of Oilseeds Processing Industry in the cooperative sector. All these efforts will enable the cooperatives to gain a sizeable percentage of activities in the vital sectors of national economy

and thereby act as strong currents in the stabilisation of prices.

Besides, NAFED is purchasing onions, potatoes, pulses from surplus pockets in the country and transporting and distributing these in deficit areas. NAFED also undertakes export of such commodities to international markets whenever there is a glut of any produce in the country. This, apart from stabilising the internal prices, also earns valuable foreign exchange for the country.

NAFED's Operational Assistance

NAFED is providing operational assistance in respect of marketing of vulnerable commodities such as lac, ginger, cardamum and pineapple. Its activities also cover the handling of jute, both procurement and marketing, and the setting up of the first jute mill in North Eastern Region in Nowgong district. NAFED has provided assistance to Bhutan in marketing its potato produce. Bhutan has also sought NAFED's assistance in marketing oranges and pine-apples through the setting up of cooperative processing factory in district Kamrup of Assam. The surplus maize of Manipur and Nagaland is also marketed by NAFED. The Federation is also helping the North Eastern States at tea auction in Gauhati.

NAFED has entered into an agreement with the German Democratic Republic for establishment of fruit and vegetable processing capacity in the North Eastern Region at an estimated cost of Rs. 1.22 crores where pine-apple, orange and tomato will be processed. The expected finished products of 15,000 tonnes will be exported to GDR. The setting up of this cent percent export-oriented project will go a long way in consolidating production and marketing of fruits and vegetables in the area. NAFED has opened a number of operating offices in backward, tribal and hilly areas to help the cooperatives of these areas in the marketing of agricultural and forest produce. This has enabled the farmers to get remunerative prices. It is collaborating with the Orissa State Industrial Development Corporation in the setting up of a jute mill

near Cuttack in Orissa.

Distribution of Essential Commodities

Special attention is being paid by the Ministry of Civil Supplies and Cooperation for strengthening the arrangements for distribution of essential commodities in the rural areas particularly in areas located in tribal, backward, hilly and deficit regions. A scheme to encourage, assist and distribute consumer goods has been sponsored through the NCDC. It provides for extending financial assistance to State Governments on project basis outside the State Plan ceilings. A number of projects for strengthening of cooperative distribution in these areas have already been taken up in Gujarat, Madhya Pradesh, Maharashtra, Orissa and Andhra Pradesh. Mobile shops are operating in some States in tribal and backward areas so as to cater to the needs of the community by visiting weekly Hatts regularly. Financial assistance is also being provided under a Centrally sponsored Scheme for distributing consumer goods through cooperative set-up. The opening up of coordinating Departmental stores and mini Department stores is being promoted in backward, hilly and tribal areas. Assistance has been availed of by Assam, Orissa, U.P., West Bengal, Manipur, Jammu & Kashmir, Nagaland, Tripura, Sikkim and Arunachal Pradesh in opening such stores.

Consumer Industries in the Cooperative Sector

All State Cooperative Departments, State Registrars/State Level Federations and important consumer cooperative institutions have been advised by the Government of India to formulate technically sound, financially viable projects for the setting up of consumer industries in the cooperative sector. A number of proposals have been received in the Ministry and by the NCDC. Seven industrial units have already been approved. The areas identified for central assistance for setting up of consumer industries are bakery products, cotton and woollen hosiery, tooth paste, tooth brush, razor blades, thermos flasks, laundry and toilet soaps, cleaning powder, detergents, umbrellas, readymade garments, cheap foot-wear etc.

Controlled Cloth

The 20-point economic programme lays special emphasis on the improvement and distribution of controlled cloth, the objective being to make available cloth of good quality at reasonable prices to weaker sections of the community. Cooperatives are playing major role in this field. With effect from 1st April 1974, the Government of India fixed obligation on every mill for production of controlled cloth by fixing the target of controlled cloth production at 800 million square metres per annum. The Government also decided to introduce control over distribution of controlled cloth by entrusting this task to the National Cooperative Consumers' Federation, the national apex of network of cooperatives at the lower level. As on December 31, 1975, there were a total number of 46,694 retail outlets, out of which 37,408 outlets were located in rural areas. According to information furnished by the State Governments for the period April 1975 to December 1975, 70 per cent of controlled cloth was distributed in the rural areas. The State Governments have been requested to intensify their efforts to increase sale of controlled cloth in the rural areas and to bring it up to 80 per cent. With effect from July 1976, due to fall in the production of controlled cloth, the number of bales produced in a month has been taken as 22,225 (4 million square metres) as against entitlement of 34,572 bales during the period from January to June 1976 and of 44,450 bales for a

period upto December 1975. Many State Governments are, however, complaining that they are not able to get even the reduced allotment of controlled cloth. The actual releases to the cooperatives during August and September 1976 were much lower i.e., a little under 14,000 bales in August 1976 and a little over 15,000 bales in September 1976. In October 1976, there was further reduction as the releases by the Textile Commissioner during the month amounted to only 8,669 $\frac{1}{4}$ bales.

Steps are underway to take remedial action in this regard in order to ensure supply of reasonable quantity of controlled cloth to the consumer, both in the urban and rural areas.

While the end of the year 1975 witnessed cooperatives playing an effective role for the improvement of national economy, the year 1976 ends with the further strengthening and broad basing of the cooperative movement in the country. Cooperation offers a way out of many of our social and economic maladies. The movement, however, has to evolve a code of conduct for its members, for societies, so that these could, in turn, bring about a discipline in the national economy and a 'Will' among its members to work hard for solving problems. The key to success and progress lies in hard and honest work in a determined and disciplined way. Cooperatives can act as torch bearers for the nation on its road to peace, progress and prosperity.

Discretion is salt and fancy the sugar of life;
the one preserves, the other sweetens it.

—Bovee



OUR NEW VICE-CHAIRMAN

Shri M. G. Balasubramanian, IAS has taken over as Secretary, Ministry of Civil Supplies and Cooperation and also as Vice-Chairman of the Board of Management of the NCDC.

Born on 13th March, 1922, Shri Balasubramanian joined I.A.S. in 1948. He is borne on the Tamil Nadu cadre. He has varied experience, having held important posts both under the State and the Central Governments.

Before taking over his present assignment, he held the posts of Joint Secretary in the Department of Industrial Development and Additional Secretary in the Ministry of Finance, Department of Revenue and Banking.

SIZEABLE EXPANSION OF NCDC ACTIVITIES DURING 1977-78

DURING 1977-78, the National Cooperative Development Corporation (NCDC) would embark on various new schemes relating to the development of handloom textiles in cooperative sector, sericulture, development of cooperatives in hill areas, assistance to cooperatives for scheduled castes and also to students consumer cooperatives. These schemes would be taken up in addition to various on going programmes of the NCDC. The on going programmes relate mainly to the development of cooperative marketing, processing, storage and supplies in cooperatively underdeveloped States and Union Territories, assistance for share capital participation in the cooperative sugar factories and growers' cooperative spinning mills and provision of margin money to cooperatives for procurement, stocking and distribution of fertilisers and other agricultural inputs.

A total outlay of Rs. 370 million has been earmarked for the activities of the Corporation for the year 1977-78. This includes a provision of Rs. 168.5 million under the Central Plan and Rs. 201.5 million under the schemes sponsored by the Corporation. During 1976-77 total outlay for the Corporation was Rs. 312.5 million. The Corporation finances the schemes through the National Cooperative Development Fund and also by raising market borrowings. The NCDC raised market borrowings to the tune of Rs. 27.5 million each during 1974-75 and 1975-76 and Rs. 55 million during 1976-77. It expects to raise Rs. 110 million in 1977-78 from market borrowings in order to keep pace with the rising tempo of its activities.

In accordance with the 20-Point Economic Programme for the need for developing the system of cooperative rural supplies, the Corporation would assist 200 projects during 1977-78 with an outlay of Rs. 28.2 million. This scheme envisages assistance to the marketing societies, consumer stores and certain cooperatives for undertaking consumer business.

The Corporation has already launched a scheme to assist the cooperative stores and State Consumer Federations for setting up of consumer industries. During 1977-78, about 40 such projects involving an outlay of Rs. 1.0 million would be sanctioned by the Corporation. This will increase the total outlay under this scheme to Rs. 4.0 million.

The NCDC would also select 50 student consumer cooperatives during 1977-78 in order to provide stationery and other essential consumer articles to the students in colleges and schools. A provision of Rs. 9,00,000 has been made for the implementation of this scheme in accordance with the 20-Point Economic Programme.

In order to intensify the cooperative movement particularly for the benefit of the weaker sections, the NCDC would concentrate on the development of the fishery cooperatives, poultry cooperatives, dairy cooperatives, tribal cooperatives, cooperatives for hill areas, cooperatives for Scheduled Castes, handloom cooperatives and cooperatives for development of sericulture, bamboo, lac, etc.

For the development of fishery cooperatives, the Corporation provides assistance for augmenting their marketing, processing and storage facilities. Such societies would now be particularly encouraged to formulate proposals for expansion of their activities. A provision of Rs. 3 million has been made for implementation of this scheme during 1977-78.

The development of poultry cooperatives is envisaged through giving assistance for establishment of poultry feed plants, hatcheries, purchase of refrigerated and insulated transport vehicles, construction of special godowns etc. An outlay of Rs. 2.5 million has been earmarked by the Corporation for assisting poultry cooperatives during 1977-78. The criteria for assistance have been liberalised to secure larger coverage of co-

operatives under the scheme.

Regarding the development of dairy cooperatives, the NCDC has already sanctioned 10 dairy projects in the cooperative sector involving an outlay of Rs. 32.25 million. An outlay of Rs. 13 million has been provided for implementing this scheme in 1977-78.

In accordance with the emphasis laid on the development of tribals for saving them from economic exploitation, the Corporation would take up various schemes through assistance to the cooperatives in the tribal belts of Andhra Pradesh, Gujarat, Madhya Pradesh, Maharashtra and other States having concentration of tribal population. The Corporation would provide Rs. 7.5 million for the development of cooperative marketing, processing, storage and supply activities in tribal areas for 1977-78.

Regarding the development of cooperatives which may cater mainly to the needs of the

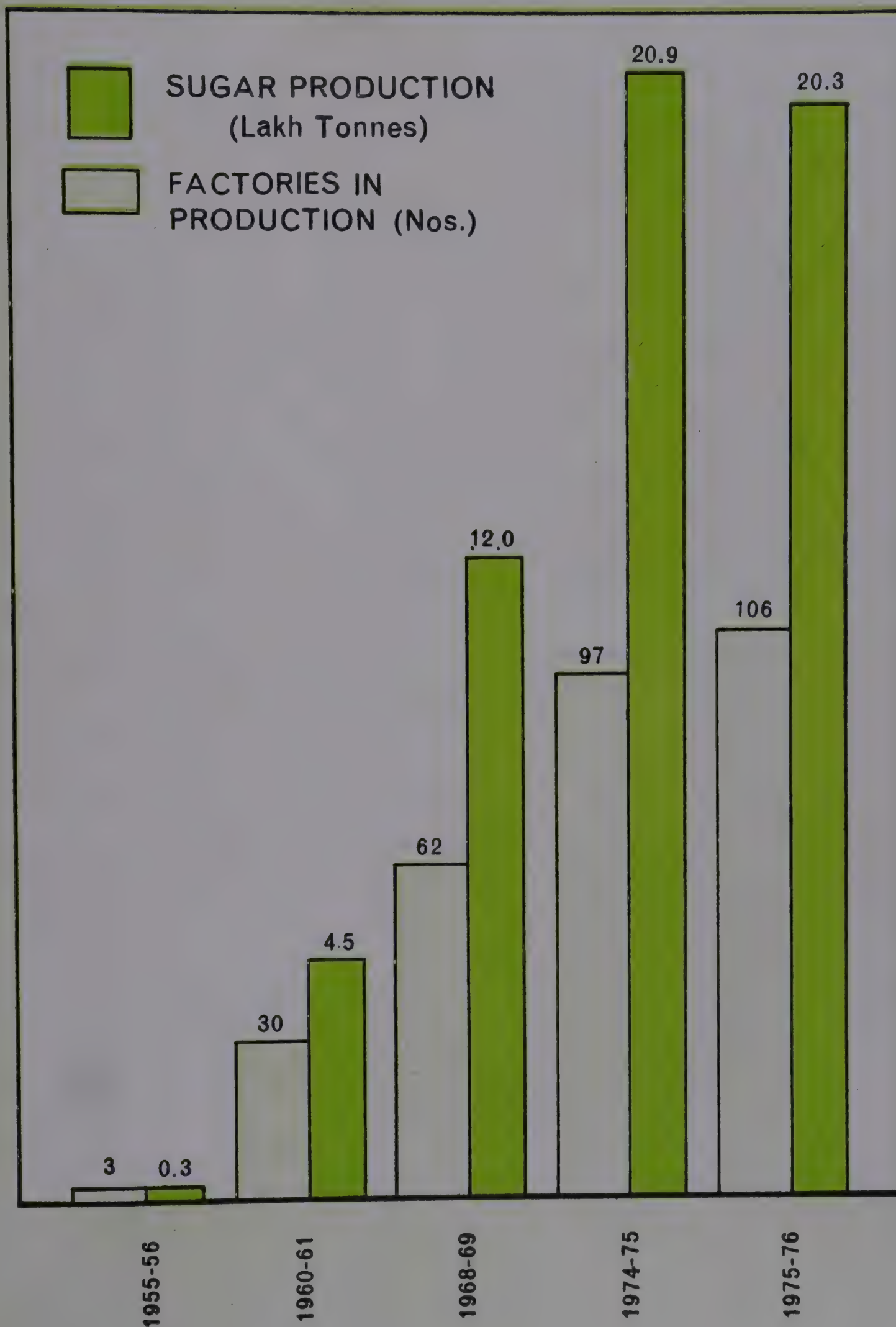
scheduled castes, the NCDC would provide during 1977-78 financial assistance to State Governments on liberal terms to enable them to participate in the share capital of such societies and to provide them loans and subsidies for construction of godowns, purchase of transport vehicles, establishment of processing units based on agricultural commodities, etc.

During 1977-78 the NCDC would, for the first time, take up the development of handloom weavers sector which embraces poor sections of the people. This would be achieved through strengthening the share capital base of apex and regional weaver societies, creation of processing facilities, construction of showrooms and godowns, preparation of project reports, establishment of technical and promotional cells in apex/regional weaver societies and adoption of weaver societies by spinning mills and assistance through margin money to mills. An amount of Rs. 21 million has been provided for the successful implementation of this scheme.

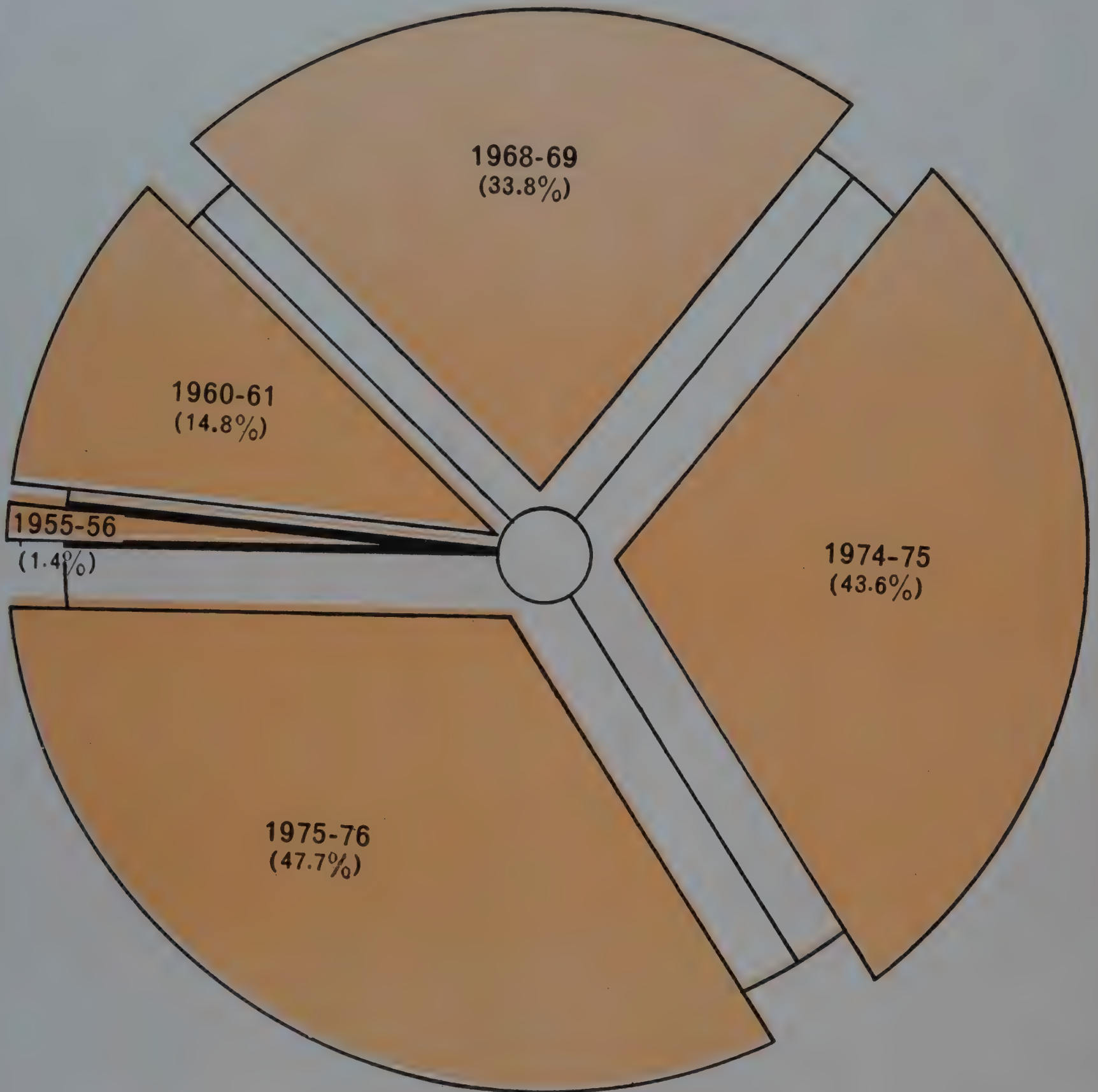
The only difference between the saint and the sinner is that every saint has a past and every sinner has a future.

—Oscar Wilde

Cooperative Sugar Factories



Share of Cooperatives in the National Production of Sugar



COOPERATIVES AND HEALTHY TRADING PRACTICES

T. A. Pai

COOPERATIVES have played a significant role in several sectors of the country's economy. Our system of agricultural credit is based largely on cooperatives. Besides, great support has been given to the rural economy by agricultural marketing cooperatives. The needs of the farmer for fertilisers and other inputs and storage for his produce are being met to an increasing extent by cooperatives. Great strides have been made in the field of cooperative processing industry. There are already 97 cooperative sugar factories in production, which account for about 44 per cent of the total production of sugar in the country. There are 51 cooperative spinning mills which are in production. There are several hundred cooperative rice mills and other processing units. An integrated country-wide structure of consumer cooperatives has also been set up, including large department stores in bigger cities, which cater to a wide range of the common requirements of the consumers. Cooperatives are also operating in many other areas to help the weaker sections of the society, the industrial workers and small producers in fields like dairy, poultry, fisheries, housing, tribal development etc.

While in various ways cooperatives have done much, there is much more that has to be done as regards expansion of the existing activities of the cooperatives, broad-basing and enlargement of the area of coverage of their activities, extending their benefits more effectively to the vulnerable sections of society and to people living in remote and backward areas, and, above all, in improving the level of their efficiency and productivity. The cooperative programme has

found an important place in our successive five year plans, and sizeable financial assistance and administrative support has been given by the Government to the major programmes in the cooperative sector.

The Cooperative Movement is based on the voluntary association of the people, and, ultimately, the success of the cooperative movement will depend upon the extent to which the cooperatives are able to enlist the participation and support of people whom they are intended to serve. It needs hardly any emphasis to say that a cooperative will be able to gain popularity with the people only upto the extent of the efficiency of the services rendered by it to the people. This calls for a great deal of introspection and critical study by cooperative workers and institutions of their own performance, methods of work and approach to the people. They must ask whether they have really worked for the good of the common man; whether the benefits of the cooperative enterprise have been fairly and evenly distributed among all those whom the enterprise was intended to serve. Serious shortcomings have been noticed in the agricultural credit sector, which could not hitherto extend its benefits to the small farmer and the poor agriculturist upto the extent desired. The cooperative marketing sector must also enquire whether it is providing the required facilities to the small producers, who are in the greatest need for facilities for marketing of their produce.

Consumer cooperatives must organise their purchase procedures and streamline their operations and management in such a way as to be

able to offer consumer articles of common use to the people at the most favourable prices, which should be less than the prevailing market prices. Cooperatives must adopt sound system of procedures, management, accounting and operations, about which expert guidance and advice are now available in various consultancy and educational institutions within the cooperative sector itself and elsewhere in the country. They must pointedly observe cost consciousness in their business activities, and keep their operation results constantly under review in order to ensure that their expenses are contained within the income generated by their trading activities and there is also a surplus for further expansion.

Some cooperatives have earned a bad name on account of mismanagement and mal-practice. I wish to make it clear that we want the cooperatives to function in the cooperative way which is that of voluntary association and working together for the common good of all. Those cooperatives, which are afflicted with irregularities, mismanagement and mal-practices or favouritism, party factions and dissensions, have undoubtedly failed to fulfil these objectives and cannot be deemed to be working on cooperative lines or for cooperative ideals. It becomes the responsibility of the State, in such circumstances, to intervene to safeguard the public interest, and to provide the common man the services which the cooperatives are intended to render. In the cooperative sector, as also in other sectors of public life, the workers and executives must adopt the path of discipline and devotion to the task entrusted to them, as that is the way to success and building up of the nations. An office in a cooperative institution should not be deemed to be a position of power and patronage but an opportunity to serve the people in consonance with the cooperative ideals. Like any other cause for the people, this would involve dedication and sacrifice on the part of the office bearers which means self-denial and not self-aggrandisement.

There are many distinguished cooperators who have built up the cooperative movement in this country and a vast number of cooperative workers, imbued with cooperative ideology and faith in this movement, have been attracted to it...In Govern-

ment's plans and programmes also the cooperatives have an important place as a patent instrument for implementation of State policies for the welfare of the common man. With this identity of approach and objectives, the combined efforts of the co-operators and the Government will enable cooperatives in future to play a distinct and decisive role in implementation and promotion of the programmes for the welfare of the people.

A rationalised system of distribution of essential commodities which is responsive to the common man and takes special care of the weaker sections of the society, must be evolved and implemented. Cooperatives are the most suitable agency for handling this task as the consumer needs protection from trading mal-practices such as hoarding, blackmarketing, sale of spurious and sub-standard goods, adulteration and underweighment. The cooperatives should have no profiteering motive or desire to indulge in any of the other mal-practices. They must set a standard for healthy trading practices and if their coverage is adequate and performance efficient, they can exercise a decisive influence on the market. Backed by an efficient system of procurement of goods, the cooperative retail machinery can do a real service to the common man by making articles of common use available to the consumer at all times at fair and reasonable prices, and ensuring purity and quality of the goods.

The cooperative machinery for distribution of consumer goods, in urban and rural areas, must develop into a highly efficient organisation in the service of the people. Government have entrusted distribution of 90 per cent of the production of controlled cloth to cooperatives. The system worked well for some time but then difficulties arose. In this, the textile mills also share the blame as some of them started producing large quantities of sub-standard cloth and unwanted varieties. Remedial measures have since been initiated. The Government does not permit such tactics to vitiate public welfare schemes and the defaulters need to be sternly dealt with. Cooperative distributive machinery must also gear itself up and ensure that cheap, standard cloth reaches the vulnerable sections of the society and the rural population. While

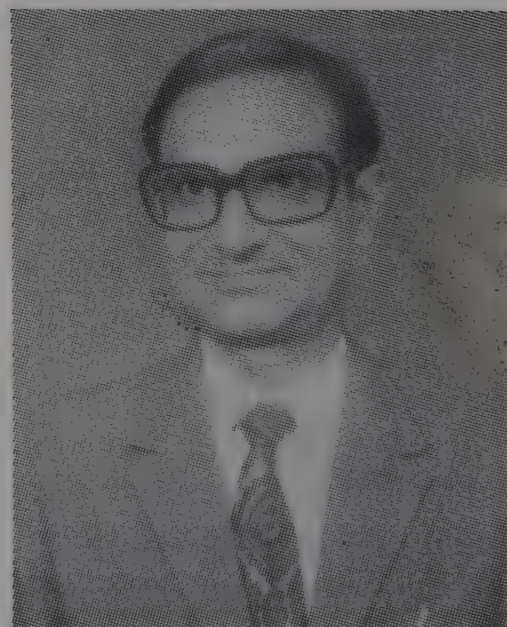
effective steps have to be taken to ensure that there are no mal-practices in distribution, it is also necessary to see that the distribution system is not made so complicated and difficult as to become irksome for the consumers. Unnecessary administrative bottlenecks should be removed, and smooth flow of supplies from textile mills to

consumers should be ensured. The cooperatives have to rise to the occasion, and with the cooperation of the textile mills and administrative and financial support already provided by the Government, they should undertake country-wide distribution of the essential items of common use in a smooth and efficient manner.

NEW DIRECTOR (TEXTILES)

SHRI M. M. BATRA has taken over as Director (Textiles) in the NCDC. Shri Batra, who is 52 years old, graduated in commerce from Hailey College of Commerce, Lahore. After completing the course of study in agriculture cooperatives at St. Francis Xavier University of Antigonish, Canada as a fellow under Colombo Plan, he worked in different capacities in Cooperative Department, Madhya Pradesh from 1952 onwards.

In 1968, he was appointed as Chief Executive, M.P. State Handloom Weavers' Cooperative Society, Jabalpur and later on as Managing Director, M.P. State Cooperative Land Development Bank Limited, Bhopal from 1972 to 1975. Before coming to NCDC Shri Batra was Joint Registrar, Cooperative Societies Madhya Pradesh.



Shri M. M. Batra

ALL INDIA CONFERENCE ON COOPERATIVE OILSEED INDUSTRY CONVENED IN NEW DELHI

THE National Cooperative Development Corporation (NCDC) convened an All India Conference on Cooperative Oilseed Industry at New Delhi on November 29 and 30, 1976 in order to review the working of cooperative oil complexes, identify their problems and find out solutions to improve operational efficiency of the units. This Conference was in consonance with one of the main activities of the NCDC to promote and assist programmes of marketing and processing of oilseeds in the cooperative sector.

The oil milling industry in India, till late, comprised only of small size units covering a large number of ghanis and baby expellers. A very large part of industry has developed in the private sector. Cooperative sector has entered the field only during the last decade. Large sized oil complexes in the cooperative sector are however, only a recent development. This has been made

possible by the technical and financial assistance provided for the purpose by the NCDC. The Corporation has, so far, sanctioned 31 oil-complexes which are spread all over the country. 18 of these units, which have already been commissioned, process a variety of oil-bearing material including groundnut, cotton seed, rice bran, etc.

The Conference was attended by more than 100 delegates representing the oilseeds processing units, concerned Government departments and various apex cooperative institutions. It provided a forum for exchange of views by various experts. A plan for the development of oilseed industry for the next five years in the cooperative sector, which was prepared by the NCDC, was discussed and endorsed. Other subjects which came up for discussion were capacity utilisation of cooperative oil complexes, their general management, production cost and cost-control

Syed Mir Qasim, Minister of Civil Supplies and Cooperation inaugurating the All India Conference on Cooperative Oilseed Industry. On his left is Shri M. S. Gill, M.D., NCDC and on the right is Shri B. N. Jayasimha, Joint Secretary.



in oilseed processing units, need for a national federation and miscellaneous problems viz., organisational set up, linkage with members, sale and export of products, by-product utilisation, etc.

The following recommendations were made :

Capacity utilisation

At present, only a few cooperative oilseed processing units are utilising their capacity to a reasonable extent. Other need to pay maximum attention to this aspect. It was specifically recommended:

(a) that all the units should diversify their machinery in order to utilise a variety of oilseeds. Now most of the units utilised only one type of raw material which is seasonal and this affects the capacity utilisation. The Government of India should be requested to liberalise their licensing policy to accommodate the existing units for utilising a variety of oilseeds available in the area.

(b) The processing units should adopt other methods of procuring sufficient quantities of raw material for utilising their maximum capacity besides the existing method of pooling of raw material.

(c) The cooperatives should take up oilseed development programmes in their areas of operation where raw material is not available in sufficient quantity in the vicinity of the cooperatives. The programme should include active assistance to the farmers in the shape of extension service, package and practices and supply of inputs. The NCDC should also provide incentives to cooperatives undertaking such programmes.

(d) In case of some oilseeds like salseed, the State Governments should give preferential treatment to the cooperatives in the grant of forest lease for collection of seed.

Improvement of Management

In view of the importance of professional-

sing the management of the cooperative oilseed processing units it was strongly recommended that all steps necessary for improving the operational efficiency of the cooperative units through improvements in management should be undertaken. It was recommended that every unit should, in consultation with the proposed national level organisation of oilseeds units, work out an ideal organisational chart for themselves and also appoint professional managers. They should provide intensive training to their staff and, as a deliberate policy, delegate authority down the line with a view to streamlining the entire management structure.

The National Cooperative Development Corporation should also lend their helping hand by monitoring the process of professionalisation of the management.

Cost Control Measures

The possibility of reducing cost of manufacture was thoroughly discussed. It was recommended that the manufacturing firms should streamline their working in such a way that they are able to cut down the costs of machinery in order to reduce the initial block cost on the establishment of the units. Such reduction would have a direct impact on the cost in so far as cost on depreciation and interest charges would be reduced. The manufacturing firms should jointly conduct research for improving the oilseeds processing technology.

It was also recommended that strict control should be exercised by the units in respect of the consumption of solvent.

The units should exercise all round economy to supply oil at reasonable rates. This would also ensure a better margin to the units which would improve their cash flow and capital formation.

Another recommendation was the realisation of the importance of better recovery of oil from the oil bearing material by the oil processing units. This could be achieved through purchasing better quality raw material and improving the techniques at the preparatory stage.

Oilseed Procurement

The scheme of the Government of India for giving support to the groundnut and sunflower seed through the agency of cooperatives to ensure remunerative price for the grower should be extended to other oilseeds also. At the same time, the Government should continue its buffer stocking operations through open market purchases at the prevailing rates so that a stock of oil for distribution during the lean season could be kept.

In view of the handicaps being faced by the cooperative oilseed processing industry in the absence of a national level organisation representing these units, it was recommended that a National Federation of oilseed processing units should be set up. Since the organisation of such a Federation will take sometime, it was recommended that an Information Council of cooperative oilseed processing units may be set up under the aegis of the NCDC for performing the necessary functions of the Federation. The Council will constitute nucleus for the national level federation.

The Conference was inaugurated by Syed Mir Qasim, Union Minister of Civil Supplies and Cooperation. The following is the text of the speech :

I take this opportunity of welcoming you all, distinguished cooperators and officers, working in the cooperative field, to this All-India Conference on Cooperative Oilseed Industry, convened by the National Cooperative Development Corporation. You are all fully aware, that the National Cooperative Development Corporation has, since its inception, been giving promotional and financial support to the cooperative movement, specially in the fields of marketing and processing of agricultural produce, storage and supplies of agricultural inputs, and consumption requirements. The assistance so provided by the Corporation has served the triple objective of increasing production, providing remunerative returns to the growers, and keeping a check on prices, which factors, in turn, help in developing a general climate of economic viability and

growth in the countryside. In financial terms, the Corporation has so far provided an assistance of Rs. 175 crores by way of loans and subsidies to a large number of cooperative institutions all over the country. This support from the Corporation has helped substantially in expanding the business of marketing and processing cooperatives. Agricultural produce marketed through cooperatives has, for example, gone up from Rs. 160 crores in 1962-63 to Rs. 1225 crores during 1974-75. Cooperatives now distribute agricultural inputs valuing Rs. 800 crores against only Rs. 55 crores during 1962-63. Storage capacity in the cooperative sector has like-wise increased from only 11 lakh tonnes to 45 lakh tonnes and the number of agricultural processing units has increased to 2,100.

Next to sugar and spinning, oilseed processing industry has the potential of coming up in a big way in the cooperative sector. Only a few years back, this industry was the monopoly of private trade. Cooperative sector accounted for only a very few units of very small size confined mostly to oil ghanis and baby expellers set up on cottage scale. In view of the strategic importance of vegetable oil industry to the life of community, the National Cooperative Development Corporation has rightly interested itself in its development in the cooperative sector with emphasis on large-sized units comprising oil mills, solvent extraction plants, washeries and the various preparatory stages covering delinters, dehullers, palletizers etc. In a few cases, even vanaspati units have been set up. So far 31 such viable oilseed processing complexes have been assisted by the Corporation out of which 18 units are in production. These units have a total capacity to process four lakh tonnes of oil-bearing material. These units provide direct employment to about 5,000 skilled and unskilled workers and have been instrumental in developing a scientific temper in rural areas in which they are mostly located. While the private sector mills are susceptible to a variety of mal-practices like withholding stocks, creating artificial scarcity and cutting production during critical periods, the cooperative mills have proved fully amenable to social discipline. They have also been particularly conscious about the quality of their products.

From these angles specially, I would give my full support to the policy of the National Cooperative Development Corporation in extending the oilseed processing activity. In the agenda notes, I have seen the five year projections of development of oilseed industry in which about 50 new large-sized cooperative oil units based on a variety of oilseed have been proposed for the next five years. The utilisation of non-traditional oilseeds like cottonseed, salseed etc., is another heartening feature of the Plan. Other pre-requisites permitting, this should be the least you should aim at so that the cooperative sector can claim a share of about 10 per cent of the oilseed crushed in the country.

Mere installation of an industry, however, is not the be-all and end-all of the programme. Real problems of any industry start after it has been commissioned. There is the problem of procurement of raw material and sale of finished products in the context of the widely fluctuating market. Availability of funds pose no less an impediment and above all is the question of overall management which more often than not develops into a serious handicap specially in the cooperative sector. Going through the agenda papers, I am glad to note that the cooperative oilseed industry has done a shade better than the private sector mills in respect of capacity utilisation. However, I cannot say the same in respect of the profitability of the cooperative oil mills. Out of 18 units in production, only 6 are in profit while the rest have incurred losses. Unit to unit figures also show that only a few mills are doing well while others are languishing under the weight of indifferent management. One single factor responsible for this state of affairs is the lack of appreciation of the importance of professionalising the management of the units. In democratic institutions as the cooperatives, the professional managers are all the more important to serve as a balancing factor for the lack of business acumen and experience among the elected directors coming as they are mostly from rural areas. My information about cooperatives in the developed countries is that they endeavour to engage the very best available experts to man their top positions. In fact the most important responsibility of the Board of Management of

Cooperatives there is to put an efficient manager in position and give him full authority for day to day management. This single factor has contributed the maximum to their efficiency and success. I would advise you to discuss the possibility of modernising the management of all the cooperatives specially those engaged in agricultural processing as a matter of first priority. I would also advise the National Cooperative Development Corporation to use its good offices and its financial levers, if necessary, to bring about a management transformation in the cooperative processing units.

Equally important is the training of staff working at various levels in the cooperative organisations. Fortunately, a fairly good arrangement for training, whether it is in the cooperative aspects or it is in the technical or management fields, is now available within the country. I would advise you to make use of the facilities. Wherever necessary and feasible, the National Cooperative Development Corporation would no doubt make available financial assistance for such specialised training.

Another weak point which I generally notice in cooperatives is the diminishing spirit of cooperation. Cooperatives are democratic institutions, doing business with a strong element of morality and mutual welfare which can be brought about only by active and enlightened membership. No cooperative will be worth its title, unless it ensures member participation. This can be achieved only by a process of continuous education and gradual involvement of the members in the affairs of the cooperative to which they belong. It is only when the members partake fully in the affairs of these societies that these institutions would be really alive to their socio-economic responsibilities. I hope the Conference would discuss this aspect also.

In the end, I again appreciate the presence of all of you in this Conference. I hope the deliberations of the Conference would lead to the formulation of a workable and stable policy for development of the oilseed industry on cooperative basis.

improved varieties. These new varieties played as important a part in the increase in production in the old prepartition Punjab, as did the increase in irrigation which rose from 2.8 m. hectares to 6.9 m. from the early 1930s to the early 1940s.

Dr. Randhawa (1974), the Vice-Chancellor of the Agricultural University in Ludhiana, has carried the story on. He writes :

“In the thirties commendable wheat-breeding work was done by Dr. Ram Dhan Singh at the Agricultural College and Research Institute, Lyallpur. Two of his varieties C518 and C591 made a great impact on wheat production. However, the genetic potential of these tall wheat varieties was limited and their yields under ideal conditions of cultivation rarely went beyond thirty quintals per hectare. The averages were much lower. After the establishment of the Punjab Agricultural University, an excellent variety of tall wheat C306, was released in 1965. It has a very good grain quality with a yield potential about 30 per cent higher than C518 and C591. It proved to be the highest yielding tall wheat variety not only in Punjab but also in Haryana, Uttar Pradesh, Rajasthan and Bihar. However, the real breakthrough came with the import of dwarf wheat varieties from Mexico, followed by rapid local selections therefrom, and the speedy expansion of their cultivation with matching and needed agronomic improvements suggested by the P. A. U. Scientists”.

150 strains of the dwarf wheats were received in India in 1963 from Dr. Borlaug. The P. A. U. Scientists quickly selected two promising strains and to save time used the device of multiplying them in the high valleys of Lahaul-Spiti in the May-September period of 1964. PV18, the first of the new selections, gave an average yield of 4690 kgs. per hectare against 3291 kgs. per hectare from C306, the best local variety at the time. Soon another two varieties, Kalyansona and Sonalika, were put out. It is apparent that though the long hoped for breakthrough came with the Borlaug dwarf varieties, the Punjab

had a long tradition of breeding and cultivating new and better varieties of wheat. But the Punjab green revolution is not the simple story of the release of the new wheats in 1966-67. The results achieved in 1966-72 are a complex amalgam of many separate factors going back to the partition of 1947. That the Borlaug seeds fell on ‘fertile ground’ in the Punjab, and achieved their greatest success in the sub-continent, is due to the building up of an infrastructure which prepared the way for their coming.

The consequences of partition

Looking at the prosperity of Punjab today, few realise that its current wealth is largely self created, by the most sustained hard work that any people have had to do. The impoverished East Punjab came off poorly in the partition (Randhawa, 1954). The West inherited 55 per cent of the population, 62 per cent of the area, 70 per cent of the canal irrigation built by the British, and 70 per cent of the income of the old province. The exchange of people was almost even, 4.3 millions coming to the East against 4.2 going away. But while the Hindus and Sikhs had abandoned 2.7 m. hectares of land in Pakistan, of which 1.7 m. were irrigated, 0.9 m. perennially, there were only 1.9 m. hectares to offer to them, of which 0.53 m. hectares were irrigated, barely 0.16 m. perennially. The famed canal colonies around which had been built the prosperity of the old Punjab were gone. After four decades the Sikh peasants had come back to the villages from which they had gone out to seek the new wealth. Ian Stephens records that 40 per cent of this entire people, almost all agriculturists, had become refugees in 1947. Such was the situation which faced the Indian Punjabis in 1947. The new province was in deficit in foodgrains by 35,000 tonnes.

The refugees were not allowed to solidify into a parasitic and helpless accretion in the camps. In the very first winter they were given temporary allotments of land, loans for seed and cattle and encouraged to sow the winter crop. A separate Rehabilitation Section manned by the ablest civilians was set up and for the next three years they worked hard to sort out the claims and

draw up schemes of resettlement. The concept of a standard acre based on an area of land capable of producing 350 to 400 kg. of wheat was evolved to compute the claims. More important, in view of the shortage of land a system of graded cuts from 25 per cent on the smallest claim, to 95 per cent on the biggest one was worked out and applied rigidly in spite of resistance from the lobby of big farmers. The East Punjab had always been an area of small holdings and small self cultivating peasant proprietors. This way men had gone out from this crowded area to seek their fortunes in the new canal colonies, and even abroad from China to California. The influx of refugees and the policy of graded cuts helped further to level the holdings situation downwards.

In most ways the East Punjab had suffered grievously from the partition. But in one sense it had gained. The refugee farmers who trekked across the border were no ordinary men and women. To quote Calvert (1926), on the effect of the canal colonies upon this virile and responsive human material;

“Upon the human element their effort is no less remarkable; the opportunities for hard work under more responsive conditions than those which prevailed in their home districts have moulded the character of the colonists and developed a sense of pride in their economic well-being that should strengthen the opposition to any tendency towards a lowering of the standard of living”.

The refugee farmers held true to Calvert's judgement of their character. They had known a better economic standard, and they were not easily going to abandon it, no matter how adverse the circumstances. If they now had fewer acres they simply had to get more out of them. Many sold the jewelery of their women to buy the first tractors. They were the first to try tube wells seriously. They were the first to risk sending their girls, often alone, on cycles or buses, to schools in the cities. One could go on enumerating the innovations of the refugee on the Punjab scene, but it is sufficient to say that the refugee grasped at every means that would restore

his standard of living. By April 1950, these men had been settled on their new allotments in the Punjab villages on a permanent basis, and could begin to invest in improvements of the land.

Land reform and re-allocation

Immediately after partition the Punjab Government passed a series of Land Reforms Acts. Occupancy tenants were given full rights and a ceiling of thirty standard acres placed on holdings. Randhawa records that 647,740 occupancy tenants were given proprietary rights over 0.75 m. hectares. The Ceiling Laws, howsoever imperfectly implemented they might have been, had one effect from the point of view of the State's agricultural production. The biggest holdings were either acquired by Government, sold out or broken up to avoid seizure. Absentee landlords disappeared completely. Men either cultivated the land or sold out and moved away. And so the area cultivated by owners increased from 51 per cent in 1947, to 81 per cent in 1969-70. Today tenancy cultivation has dropped even further. In 1973, the ceiling was further reduced to 18 standard acres per family. The Punjab never had the great zamindaris of Uttar Pradesh and Bihar. The few big estates which were in the West were left in Pakistan. The cumulative effect of the post independence land legislation has been to break up the Punjab agricultural lands into a large number of medium sized self-cultivated holdings, as Table 3 shows :

TABLE 3
Holding size by number and by area occupied

Size (hectares)	Number (percentage)	Area occupied (percentage)
Upto 1	23.4	2.5
1 to 4	39.1	23.4
4 to 8	23.9	33.2
8 to 20	12.0	32.5
20 and above	1.6	8.4
Total :	100.0	100.0

Source : National Sample Survey No. 144;
Seventeenth round Sept. 1961-July 1962.

This preponderance of self-cultivating middle rank peasants provided the ideal conditions for the introduction of the new technology based on the new seeds plus water and fertiliser, for an owner cultivator would have both the incentive and the capability to invest in the new inputs.

Indian agriculture has always suffered from fragmentation, even of tiny holdings. These are wasteful of the peasant's energy, and a bar to investment in irrigation and other land improvements. Hubert Calvert, Registrar of Cooperative Societies, Punjab 1915-25, first introduced the idea of voluntary consolidation of holdings by cooperative societies, and by 1947 almost half a million hectares had been consolidated. The Punjab Government made consolidation compulsory from 1948. A new department was set up, and Sardar Pratap Singh Kairon, the most dynamic Chief Minister, the State has known, made it his prime concern during 1956-64, his years in office. He took it upon himself to convince his fellow jats of the benefits, and to prevent the injustices that were likely to arise due to the scale and speed of the operation. Touring furiously and keeping a sensitive ear to the ground, Kairon was able not only to maintain the speed and momentum of the programme, but also to ensure that by and large the peasantry got a just deal. By the time he resigned in 1964, the programme had been accepted and two thirds of the work completed. By 1969 his successors were able to announce the completion of the reallocation of the entire 3.7 m. hectares of agricultural land in the States of Punjab and Haryana. These two are the only States in either India or Pakistan to have completed this work. The effect of consolidation on the Punjab was immediate and dramatic. In 1950 the State had hardly any tubewells. In 1972-73, she could boast of 180,480 of them, providing more than half of her greatly expanded irrigation. In contrast the West Punjab (Pakistan) which by 1972 had consolidated less than 50 per cent of her cultivated area, had sunk only 75,000 tubewells by that year. The consolidation of land was almost complete by the time the Borlaug seeds arrived in 1966, and was one of the main reasons for their success. Farmers cultivating widely scattered plots could hardly have invest-

ed in the water and fertilisers that the new wheats demanded. With their holdings effectively consolidated, they immediately began to look for ways of making improvements, above all by the sinking of wells and tubewells.

Water

Water has always been the key input and the ultimate determining factor in Indian agriculture. Lyallpur and Montgomery grew with the life giving waters of the great canals. But the East Punjab had lost almost all the canals. Less than 30 per cent of the irrigated area of the old Punjab had fallen to her share. The new Punjab could not replace the lost lands, but it was determined to replace the lost canals. The Bhakra-Nangal project of the Sutlej river became the symbol and hope of its future. By 1960-61, 54 per cent of the net sown area was irrigated, largely due to the new canals. By 1972-73, the percentage had risen to 72, the result since 1966 of the massive tapping of ground water with tubewells. Today canals account for less than 50 per cent of the irrigation in the Punjab. The increase of canal irrigation was the result of a major investment, consciously made and efficiently used. Over 1951-67 period the Punjab spent Rs. 108 per hectare on irrigation against an all India average of Rs. 41. The building of the Bhakra complex added tremendously to the electricity potential of the State—at the time of partition there was only a small hydel plant at Jogindernagar in the Kangra valley. Government encouraged the use of electric power for tubewells and for lighting in the villages. Today something like half the tubewells are run on electric power, and more will be connected when power is available. All the 12,000 villages in the State have electricity for home use. The percentage of the consumption of electric power for agriculture has risen from 15 per cent in 1960-61 to 35 per cent in 1969-70. Such has been the rise in power consumption that in East Punjab in 1974-75 against a demand of 800 MW there was only 476 MW available. Agricultural use has been a major factor in the creation of this shortage. The increase of water and power in the fifties and early sixties undoubtedly helped to prepare the ground for the seeds that were to come in the

late sixties. Without abundant water the Mexican wheats would have been of little use to the Punjab farmer. In fact the wise ones among them—even those farming canal irrigated land—do not move to Mexican wheats until they have their own tubewell to supplement the erratic canal supply.

Education and the Agricultural University

Education was expanded considerably, the literacy rate going up from 15 per cent in 1951 to 29 per cent in 1961. Among women the literacy stood at 17 per cent in 1961. The opening of schools and colleges, the money for which was invariably contributed by the villages themselves, helped to widen the mental horizons. The establishment of an Agricultural University in Ludhiana made a tremendous impact on the thinking of the peasants. From the very beginning the University maintained a close link with those it meant to serve. Farmers had free and easy access, and so when the seeds came the Ludhiana University was very quickly able not only to promote the new seeds but also to inculcate the new package of practices. The success story of the district of Ludhiana in Indian agriculture, is in no small measure due to the presence of the Agricultural University.

Credit and the Cooperatives

The Borlaug seeds and the package of practices that was advocated with them, had no hope of success unless they were backed up with a package of services. The farmer had to acquire fertiliser and additional water. To buy these he must have money. In many ways the problem of Indian agriculture is the problem of credit. The cooperatives grafted onto the agriculture of India by the British at the turn of the century were meant to pull the peasant out of the clutches of the moneylender. Involved too much in the purity of the doctrine, and therefore insisting on credit created largely by the thrift of the farmer himself, they succeeded in doing nothing of the kind. In 1950-51, they provided only 3 per cent of the peasants' credit needs (RCSC, 1954). In the Punjab they perhaps provided about 8 per cent. The Government of

India, committed to using cooperatives as the main instrument of serving the farmer, changed the policy radically. Becoming shareholders in the cooperative banks, they proceeded to channel massive funds into agriculture. Credit had always been given against security, and had never been tied to identifiable productive purposes. Clearly security requirements had to be dropped if the large majority of farmers were to benefit. The credits must also be tied to production. And so the Reserve Bank of India evolved the crop loan system. Under this system short term credits of less than a year's duration, were to be given by the cooperative banks through the village credit societies for the specific purpose of growing a crop, and were to be recovered when it was harvested. To ensure productive use a part of the loan was to be given in the shape of fertilisers; to enable every farmer, big or small, to benefit and it was to be given without mortgage security. For investments in wells, pump sets, etc. separate medium and long term loans were to be given. These cooperative loans were to form the backbone of the credit and input services that were so necessary to the new wheats. Some idea of the expansion of cooperative credit can be had from the fact that in 1974 the Indian cooperatives were estimated by the Reserve Bank of India (personal communication) to provide 35 per cent of the total crop production credit needs, and 56 per cent of the investment funds needed by the farmers. Studies in Ludhiana show that the cooperatives provide something like 60-65 per cent of the farmers' loan needs. Alongwith the nationalised banks they account for nearly 80 per cent. The predominance of institutional credit in the Punjab is also borne out by the fact that the State over the years 1966-72, is estimated to have absorbed nearly 10 per cent of the total credit given in India.

In the Punjab the crop loan system was accepted and vigorously introduced from the winter of 1966, just in time to serve the new agricultural strategy. From the start emphasis was laid on loaning in the shape of fertilisers to ensure productive use. From 1967-68 to 1973-74 a total of Rs. 3215 m. of short term crop loans have been given in the Punjab; of these as much

as 64 per cent was in the form of fertiliser. The long term loans increased from only Rs. 3.11 m. in 1960-61 to Rs. 163 m. in 1972-73. In this way the institutional agencies in the Punjab provide most of the farmers' credit, and the moneylender is no longer an important social phenomenon. Institutional credit has not achieved such a

prominent position anywhere else in the sub-continent, and even in West Punjab (Pakistan) barely Rs. 150 m. were so given in 1971-72.

The relation between production under the new agricultural programme and the supply of credit from the cooperatives is shown in Table 4.

TABLE 4
Agricultural production and cooperative credit in the Punjab

Year	Production (m. tonnes)		Cooperative services (m. rupees)		
	Rice	Wheat	Short-term loans	Long-term loans	Fertiliser distributed
1960-61	0.24	1.72	117.6	3.1	20.7
1965-66	0.29	1.92	275.5	16.4	104.7
1968-69	0.47	4.50	619.6	132.9	354.6
1970-71	0.69	5.15	572.6	195.6	426.5
1972-73	0.96	5.36	620.2	162.6	490.0

Source : Registrar of Cooperative Societies, Punjab.

There has sometimes been the impression that cooperative loans are cornered by the few to the detriment of the many. If this had been true, the large scale expansion of production in the Punjab would not have taken place. The distribution of cooperative loans (in Rs. m.) in the Punjab in 1971-72 was as follows :

This works out to Rs. 103 per hectare of cropped area of short term production credit alone, against an all India average of Rs. 35 (Ministry of Cooperation, 1974). Secondly the relatively more equitable distribution of these loans among all categories of farmers.

Marketing

Upto 1966 the administrative organisation was that while the cooperative department promoted cooperative societies, the job of agricultural production was that of the agricultural department. Thus the agricultural department procured and distributed fertilisers, pesticides, etc., and the cooperatives distributed credit in their own way without relating it in any way to the agricultural programmes of the State. Any failures could be easily blamed on ones rivals. The reorganisation of the Punjab in 1966 and the

Total loans	Of which loans to farmers with holdings			Loans to tenants and agricultural labour
	upto 2 hectares	2 to 4 hectares	above 4 hectares	
612.6	141.9	168.3	221.1	81.3

Source : Reserve Bank of India Review of the Co-operative Movement in India 70-72 p. 83

Two points emerge from this analysis. Firstly the size of the Punjab loaning programme.

creation of Haryana, provided an opportunity for a much needed administrative reform. In November 1966 a Development Commissioner was appointed with total responsibility for rural development. For the first time the cooperative and agricultural departments came under one master, and the two had to work in 'double harness'. It was made clear that the Director of Agriculture was to provide the package of practices to the peasant; the Registrar of Cooperative Societies was to be responsible for the package of services, the loans, the fertiliser, the pump sets, the seed, the pesticides, etc. The Agricultural Department was divested of its trading in these commodities, a job hardly suited to a Government Department.

In parallel with this, the marketing structure was greatly developed. Markets, regulated, controlled and organised by Government were expanded rapidly from 1967 on, to cater for the rising production. Links were built from the main highways so that today nearly all villages are accessible by metalled roads. The trading functions formerly undertaken by the Agricultural Department were transferred to the Markfed, the State Cooperative Marketing Federation on a commercial basis. The Markfed raises credit from the commercial banks thus relieving the hard pressed State budget of this burden. Within a few years it built more than 300,000 tons of storage in the countryside to stock and distribute the needed inputs. It maintains 4,000 or more village depots—almost one to every 3 villages—for this purpose. The Federation buys and stocks the fertilisers, the pump sets, etc. and ensure their availability at the right place and the right time. The distribution by the cooperative marketing federation also ensures productive use. The system is simple. The farmer is sanctioned loans by the cooperative banks through his village society. Against these the Markfed supplies him fertiliser or pump sets or other inputs through the same village society. The banking and the marketing structures have their common base in the village society. The Punjab Markfed with an annual turnover of something like Rs. 3500 m. has become one of India's great cooperative success stories. It distributes almost Rs. 500 m. worth of fertiliser

a year; it has in the years since 1967 distributed something like 30,000 diesel pumping sets; it has an aerial spraying unit with helicopters, harvest combines and an extensive set up for the processing of agricultural commodities like oilseeds, cotton, etc.

The marketing cooperatives were also involved in the procurement, storage and despatch of foodgrains to other provinces. The wheat procurement of approximately 3 million tons every year is entrusted by Government to the Markfed, the Food Corporation of India and the State Food Corporation in almost equal measure. The Markfed's extensive modern storage facilities are invaluable for this purpose. But at the level of the markets, the local cooperative marketing society is used as the sole buying agent for Government. The Punjab Government for many years has given up buying through grain dealers and has, in fact, abolished their functioning in the foodgrain trade. Last year the entire wheat surplus was bought by the three agencies through the local marketing cooperatives. This was successfully done in 1971-72 but then given up for a short period to fall in line with national policy.

Thus the Punjab cooperatives underpin the entire process, from the growing of the crop to its marketing. Each crop season is jointly planned by the Director of Agriculture and the Registrar of Cooperative Societies under the control of the Development Commissioner. It had been said that given the Borlaug seeds the first State to make the organisational effort would reap the benefit. The Punjab administrators more than anyone else realised the truth of this statement. In the last analysis the green revolution was to be a revolution in the organisation of the application of inputs to the new seeds. The Punjab by divesting the Agricultural Department of its inappropriate trading functions and making it concentrate on its prime job of extension and by successfully organising the Cooperative Department for the effective and commercial distribution of all the inputs from credit to fertiliser, succeeded in making the best use of the new seeds. The rapidity with which the area under high yielding varieties was expan-

ded bears witness to this fact. The area under the new wheats rose from 681 thousand hectares in 1967 to 1589 in 1970-71 constituting in that year 69 per cent of the total area under wheat. Today almost the entire area has shifted to the new seeds. Compare this with the Pakistan Punjab where during 1970-71 only 53.4 per cent of the total wheat area was under the Mexican varieties (PDRP, 1972). Since 1971 the Indian Punjab has begun to increase the sowings of rice. The new rice varieties grown under tubewell irrigation have had considerable success in the State and the Punjab is beginning to emerge as a major rice growing area also. That she is having considerable success in this is visible from the jump in rice production since that year. In the last few years the Punjab has been exporting 700 to 800 thousand tonnes of rice also, and has become the major supplier to the central buffer stock.

Conclusion

The Punjab then was not only able rapidly to expand the area under the new varieties, but

more important, was able adequately to service it with the inputs of fertilisers, water and credit. She was able to make these facilities available to almost all her farmers. This is why she has been able to do better than all the other wheat growing States of India. No doubt the fixing of a minimum procurement price of Rs. 76 per quintal in 1966, which was slowly raised to Rs. 105, helped to make the whole proposition attractive. But it is nobody's case that the Punjab or any peasant can be persuaded to produce more without considerations of personal gain. In any case the same attraction was available to all the wheat growing States, and yet not all of them responded in equal measure. The answer lies in the whole complex amalgam of the farmers' attitudes and the States organisational capabilities. If one is out to make comparisons perhaps the most fruitful area of study lies in a comparison of the two Punjabs. Beginning from a common geographical and cultural heritage, with the Pakistan Punjab enjoying an advantage in the division of the land and irrigation assets in 1947, they have shown widely divergent performances in the green revolution as Table 5 shows :

TABLE 5
Increase in area, yield and production of wheat and rice in the Indian and Pakistan Punjabs

	Area (m. hectares)			Yield (kg./hectare)			Production (m. tonnes)		
	1960-61	1970-71	% Increase	1960-61	1970-71	% Increase	1960-61	1970-71	% Increase
Wheat									
Indian Punjab	1.40	2.30	64	1244	2238	80	1.72	5.15	199
Pakistan Punjab	3.38	4.39	30	886	1138	28	2.90	4.87	68
Rice (Paddy)									
Indian Punjab	0.23	0.39	69	1009	1765	75	0.23	0.69	200
Pakistan Punjab	*	0.73		905	1344	48	0.50	0.97	94

* Not available

Sources : 1. *Punjab Statistical Abstract 1973*, Punjab Government, Chandigarh (India).
2. *Punjab Development Review and Prospects 1972*, Punjab Government, Lahore (Pakistan)

The new seeds were available to both alike. The two countries enjoyed the same opportunities and faced the same problems in the procurement of fertiliser. The wide disparity in achievement emphasises the importance of those other factors of social structure that have in fact been so significant for the success of agricultural development. The agricultural growth rate of the Indian Punjab has been 6.6 per cent over the period 1952-53 to 1969-70 and that of India 3.1 per cent over the same period (Commerce, 1972). According to Nulty (1972) that of the Pakistan Punjab over the 1959-60 to 1969-70 years has barely been 2 per cent. One can make many guesses of the reasons for the decline of the canal colonies and the rise of the poorer eastern half. The maldistribution of land in the West Punjab, the predominance of tenancies, the lack of an institutional credit structure able to serve the majority of the medium and small farmers, the failure to complete the consolidation of land holdings and the inadequacy of those two main carriers of all progress literacy and the road system, may be suggested as among the more important factors concerned.

This is the story of the Punjab's recent agricultural success. In terms of India's food supply, the Punjab has made a massive contribution. In 1965-66 actual market arrivals were 0.78 m. tonnes of wheat and 0.31 m. tonnes of paddy. In 1971-72, they were 3.12 m. tonnes and 1.30 m.

tonnes respectively. This increase has made it possible for the State procurement organisation to purchase 2.5—3.0 m. tonnes of wheat every year in recent years. In the summer of 1973, out of the total of 4.5 m. tonnes of wheat procured in the country, the Punjab alone accounted for 2.7 m. tonnes. In the 1972-73 season, of the national rice procurement of 1.19 m. tonnes the Punjab's share was 0.76 m. tonnes. It would be no exaggeration to call this small State the bread basket of India. No doubt the new seeds have been the key to this achievement, but much work had been done to prepare receptive ground for them. When they did arrive they were backed up with an impressive organisational effort. Many problems remain to be tackled. It has not been possible to maintain the purity of the seeds not to multiply the new varieties quickly and adequately. Seed production programmes continue to lag both in the Punjab and in the rest of India and are partly responsible for the fall in production in the last one or two years. The expansion of credit has brought the expected problem of rising overdues. The shortage of electricity has hit irrigation. The oil crisis has caused a problem both of fertiliser and of diesel oil for the pump sets. There is a long and hard road ahead, but the people of the Punjab have travelled a hard road with spirit and determination and the achievements of the past give good ground for hope for the future.

COOPERATIVE BANKS EXEMPTED FROM THE PROVISIONS OF SECTIONS 18 & 24 OF THE BANKING REGULATION ACT

THE Government of India in consultation with the Reserve Bank of India have exempted the Scheduled Cooperative Banks from the provisions of Sections 18 and 24 of the Banking Regulation Act (as applicable to Cooperative Societies) for a further period of 3 years with effect from 21-7-1976 in respect of the liabilities arising out of loans or advances availed of by these banks from National Cooperative Development Corporation. In this connection the Government of India's notification published in the Gazette of India Part-II, Section 3, Sub-section (ii) dated 29th May, 1976, Government of India, Ministry of Finance, Department of Revenue and Banking is, re-produced below for information.

New Delhi, the 5th May, 1976

S.O. 1728—In exercise of the powers conferred by section 53 read with section 56 of the Banking Regulation Act, 1949 (10 of 1949) (hereafter referred to as the said Act) and in continuation of the notification of the Government of India, Ministry of Finance, Department of Banking No. F. 8/4/72-AC dated the 3rd July, 1973 published at page 2485 of the Gazette of India, Part II, Section 3, Sub-section (ii) dated the 21st July, 1973, the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of sections 18 and 24 of the said Act shall not, for a further period of three years from 21st July, 1976 apply to a Cooperative Bank in so far as they require the Cooperative Bank to maintain the percentage of cash reserve and assets respectively mentioned therein in respect of liabilities arising out of the loans or advances availed of such bank from the

National Cooperative Development Corporation established by Government of India under the National Cooperative Development Corporation Act, 1962 (26 of 1962) :

Provided that in computing the cash reserve under Section 18 and the assets which the said bank maintains under clause (a) of sub-section (2A) of section 24 respectively of the said Act, in respect of all other demand and time liabilities, the undisbursed portion of the loan availed of from the Corporation and the unremitted recoveries to the Corporation on account of the borrowing from the Corporation shall be excluded.

(No. F. 8/12/76-AC)
H. K. GUHA
Under Secretary

2. The scheduled State Cooperative Banks have also been exempted by the Reserve Bank of India from the provision of section 42 (1) of the Reserve Bank of India Act 1934 for a similar period. The R.B.I.'s notification to this effect is as follows :—

R.B.I. (ACD) Central Office Bombay-18
No. ACD. BR. 244/A. 20 (24)-76/7

2 September, 1976
11, Bhadra 1898 (Saka)

In exercise of the powers conferred by sub-section (7) of section 42 of the Reserve Bank of India Act, 1934, and in continuation of notification No. ACD. BR. 256/A. 20 (24)-73/4 dated 24 September, 1973, the Reserve Bank of India

hereby declares that the provisions of sub-section (1) of the said section 42 shall not apply for a further period of three years from 21st July 1976 to a scheduled State Cooperative Bank in-so-far as the said provisions relate to the liability of such bank arising out of loans or advances availed of by it from the National Cooperative Development Corporation established by Government of India under the National Cooperative Development Corporation Act, 1962 (Act 26 of 1962).

Provided that in ascertaining whether the bank has complied with sub-section (1) of section 42 of the said Act, the average daily balance actually maintained by the bank

shall be reduced by the aggregate of undisbursed portion of the loan availed of from the Corporation and the unremitted recoveries to the Corporation on account of the borrowing from the Corporation.

Sd/-
(C. D. DATEY)
Executive Director

3. These notifications have already been brought to the notice of the concerned Cooperative Banks by the R.B.I. through their circulars No. ACD. B. R. 263 and 264/A. 20 (24)-76/7 dated 9th September, 1976.

Everything can be sacrificed for truth, but
truth cannot be sacrificed for anything.

—Swami Vivekananda

NEW FRONTIERS IN MANAGEMENT COOPERATIVE MANAGERS

Dr. M. S. Patel

VOLUMES have been written on 'management' all over the world but very few books are available which exclusively deal with Cooperative Managers.

By and large, the managerial qualities required for managing any enterprise are the same. But a manager in cooperative set-up, has to function under certain freedoms and constraints and is guided by cooperative principles.

These are :

- Voluntary and open membership.
- Democratic control.
- Limited interest on capital.
- Equitable division of surplus.
- Cooperative education.
- Cooperation among cooperatives, and
- Promotion of member education.

The cooperatives have social content and there is emphasis on service rather than profitability. They have, however, to function under the over-all national policy. In a democratic set-up of cooperatives, frequent changes of management and limited pay scales do not attract the most competent and talented people to run the cooperatives. A cooperative manager has, therefore, to function in an environment which is democratic and permeated with social content. At the same time, a cooperative is essentially a business organisation and it needs to be manned by professional managers having knowledge of

cooperative principles. Although a cooperative may not have profit motive, but a cooperative manager has to safeguard the interest of its members. He has to make his society or store viable and also earn a surplus for the growth of the society. Members are the masters of the society and a competent cooperative manager has to provide commodities and services to them competitively by retaining lowest possible margin. His competence is judged by his service to the community. He has to be a leader and a servant simultaneously.

Conflicts

The field of consumers cooperative marketing is a developing one. There would always remain conflicting interests because the producer cooperatives would ask for higher prices to protect the interests of their members. Processing cooperatives would like to buy consumer goods at cheaper rates and sell at higher rates to the consumer cooperative societies. On the contrary, the consumers cooperatives would like to buy consumer goods at a cheaper price in order to protect the interests of their members. Thus arises the basic need of cooperation amongst cooperatives.

As a first measure, the consumer cooperatives should procure their requirements through sister cooperatives of producers. This scheme will help in reducing the conflicts within the cooperative movement and promote the cause of serving the society as a whole. The cooperative manager is expected to resolve these conflicts among the cooperatives themselves.

Next comes the conflict with the private trade. The cooperatives cannot use all the mechanism and freedom available to the private trade. The cooperatives have primarily a service motive and under no circumstances can indulge in profiteering and exploitation. They, however, need sound financial base.

There is another conflict relating to the government aid taken by the cooperatives. The cooperatives take government assistance without sacrificing its autonomy and have yet to become viable. The cooperative manager has to satisfy the whims of members of a frequent changing Board whose interests vary and has deal to occasionally with persons who have hardly any professional expertise.

The demands made on a cooperative manager are unique and varied. How a cooperative manager should function under the given set-up and what the society or cooperatives expect from a manager with all the handicaps, restraints and responsibilities need to be defined.

Responsibilities of a Cooperative Manager

A cooperative manager is supposed to inspire brotherhood feelings amongst staff and secure their maximum cooperation. Workers are the back-bone of any organisation and the feeling that they are not only workers but also guardians of the organisation has to be created in their minds. The manager does not have to behave like a boss but has to identify himself with the workers. A competent manager can make the society a model organisation exhibiting sound employers-employees relationship and thereby eliminate any scope of exploitation. He works on a much wider canvas than a closed business house. His activity is open, democratic and of a service in character.

It is the responsibility of a cooperative manager to safeguard society's assets because those are the property of the members. He has to personally ensure the upkeep and safety of the property of the society. It is his duty to see that regular stock verification is undertaken and

proper stock statements are maintained. From time to time, he has to look into the inventories to avoid shortages, damages, losses, thefts etc. In a cooperative set up, a cooperative manager is supposed to take quick and timely decisions in the interest of the organisation. He should exhort workers' participation and fix up responsibilities. With the changing management techniques, he should acquaint himself with these and put the same in practice.

Besides commercial activities, a manager of a consumer cooperative has many other social responsibilities. He is required to play a significant role in the public distribution system, price control, protection of consumer interests and in carrying the consumer movement further. This, too, has to be done in a voluntary set-up, controlled by frequently changing Board and large membership.

Thus, in brief, the role of a cooperative manager is manifold and much bigger and larger. At the same time, he is expected to be :

- a businessman without profiteering motive and has to handle many social and complex problems.
- a voluntary social reformer without pressure.
- an educator of millions of members and has to be educated in turn.
- working within framework of cooperative structure in a democratic manner and effective in competing with others.
- keeping abreast of national policies and programmes and working within the given guidelines.

He has to be a manager, reformer, educationist and leader of cooperative movement.

The demands on cooperative managers are many and varied. He has to be much more than a mere manager as he has to look, beyond his own cooperative structure, to the good of the community at large. He has to be an excellent public relations man.

FAMILY PLANNING PROGRAMME

IMPLEMENTATION THROUGH COOPERATIVES

THE National Seminar on Cooperatives and Population Problems was held in New Delhi in December, 1974. One of the main conclusions of the seminar was that the cooperative organisations could be a very effective instrument for dealing with the population problem because a large part of the rural people come in close contact with the cooperative institutions. Since one of the broad objectives of cooperative movement is to improve the socio-economic conditions of its members as well as of the community, it is desirable for the cooperatives to take active interest in educating the rural population in family planning.

The Seminar, therefore, recommended :—

“Financially sound cooperative organisations such as dairies, sugar factories, spinning mills should employ trained family welfare workers for population education, family planning, hygiene, nutrition, child care, budgeting etc. These cooperatives should also act as depot holders for distribution of NIRODH and other contraceptives, which will be supplied to them by the Department of Family Planning”.

The above recommendation of the Seminar was reviewed in the Ministry of Industry and Civil Supplies in consultation with the Department of Family Planning and the NCUI. It was decided that the State Cooperative Marketing Federations should assume the primary responsibility for distribution of NIRODH through the cooperative rural outlets. These federations should pursue District and Regional Cooperative Marketing Societies, which are undertaking rural consumer business, to take up distribution of NIRODH also.

The recommendation of the Seminar and the decisions taken in the Department of Civil Supplies and Cooperation were communicated by the NCDC to the State Marketing as well as Consumer Federations, Registrars of Cooperative Societies of all States for taking necessary action in the matter. There has been a very good response from some of the States particularly, Himachal Pradesh, Tripura, Assam, Haryana, Tamil Nadu, Maharashtra and Goa. The State Governments and State Cooperative Federations in these states have issued instructions to their respective constituents and the village societies to involve themselves in the distribution of NIRODH and other contraceptives. The progress in various states has been as follows :—

Himachal Pradesh

The Registrar of Cooperative Societies, Himachal Pradesh has issued necessary instructions to the District Officers, State and District Level Cooperative Organisations to involve the cooperatives in the family planning programme. The State Health Department has also been requested to make arrangements for giving family planning training to the employees of the cooperatives.

Tripura

The Registrar of Cooperative Societies, Tripura, has circulated copies of the booklet on National Seminar on Cooperatives and Population Problems—Conclusions and Recommendations to all Zonal Assistant Registrars to create a network of field organisation for implementation of the programme.

The Tripura State Cooperative Union has

been advised to bring out brochures, pamphlets etc. on the programme and also to give publicity through their weekly magazines, peripatetic classes and discussions.

The Director of Health Services has been asked to chalk out a programme for giving effective training in family planning to the cooperative personnel. He has also been requested to appoint the Tripura Wholesale Consumer Cooperative Store as agent to maintain stock of family planning materials for distribution to the rural population through the village credit societies.

Assam

The Registrar of Cooperative Societies, has requested all its Deputy and Assistant Registrars and the State Cooperative Union as well as Federation to circulate the recommendations of the Seminar to the village societies.

Haryana

The Registrar of Cooperative Societies has issued instructions to the field officers and cooperative institutions in the state to ensure that supply of literature, Nirodh and other contraceptives is maintained by the village societies at their retail outlets.

Tamil Nadu

The Registrar of Cooperative Societies, Tamil Nadu has requested the Tamil Nadu Consumer Cooperative Federation to advise its affiliated constituents and consumer stores to take up the

distribution of Nirodh and other contraceptives.

Maharashtra

The recommendations and conclusions of the National Seminar have been circulated by the Registrar of Cooperative Societies to all its Divisional District and Assistant Registrars and Federations. They have been requested to instruct the efficient societies in their jurisdiction to implement the family planning programme actively, and also to request the marketing societies assisted by NCDC under the Rural Consumer Scheme during 1975-76, to distribute Nirodh and other contraceptives through their rural outlets.

Goa

The Registrar of Cooperative Societies, in consultation with the State Health Department Officers has taken up the following measures :

- (i) Display of family planning posters in the offices and shops in urban, semi-urban and rural areas.
- (ii) Distribution of contraceptives through cooperatives.
- (iii) Imparting training in family planning programme to the Secretaries and office-bearers of cooperatives through the Cooperative Training Centres with the help of family planning experts.
- (iv) Cooperation between the cooperatives and family planning field Staff.

MARKETING FERTILISERS UNDER COMPETITIVE CONDITIONS

Dr. G. S. Kamat

FOR increasing agricultural production, greater reliance is being laid on modern techniques of agricultural practices. Use of hybrid seeds by farmers has to be logically supported by the supply of other inputs like fertilisers, insecticides, pesticides, irrigation facilities in adequate measures. Of course, care has to be taken to ensure a remunerative price for their harvest through provision of suitable institutional and policy arrangements, either by the State or by the cooperative sector on its own.

Demonopolisation of fertiliser marketing

In recent years the share of cooperatives with regard to distribution of fertilisers to the agricultural sector has considerably increased. Till 1966, the cooperatives held a virtual monopoly in this field. But the cooperative agencies engaged in this activity have not taken full advantage of the monopoly rights extended to them by the Government. Compared to the demand, the supply of fertilisers had been rather disappointing though there was urgent need for its efficient distribution to the farmers. Besides, during this period of monopoly the cooperative marketing structure, which was largely responsible for handling fertiliser trade, did not maintain proper records and accounts.

The consignment system for supply of fertilisers to a large number of cooperative marketing societies did not work satisfactorily. This affected not only the distribution of fertiliser to the needy farming community but also created pressures on the cooperative distribution agencies through accumulation of stocks.

In order to overcome the inadequate coverage

and inefficient distribution, the Sivaraman Committee recommended demonopolisation of fertiliser business on a staggered basis from 1966 onwards. From 1969 onwards the entire indigenous production was allowed to be sold in the open market. The channel of distribution was to be selected by the indigenous manufacturers. Both, the public and private sector manufacturers are free to sell their entire production through any distribution agency. The cooperatives are treated as one of the agencies for distribution of fertilisers. Even with regard to pool supplies by the Central Government, which are distributed through the respective State Governments, the cooperatives are no longer given a different status.

This has affected the fertiliser business of cooperative marketing structure. While their share in the pool fertilisers has been reduced, they are finding it more difficult to procure non-pooled fertilisers from the indigenous fertiliser manufacturers on a large scale. Particularly, the popular varieties are not available even from the units in the public sector. Consequently, this has affected the overall business of the cooperative marketing structure as also that of the financing agencies.

The Agro-Industries Corporations, set up in different States as a public sector agencies, have entered the fertiliser trade. They deal with private traders at the retail level who are in competition with the cooperatives. In principle and as a matter of policy, a public sector agency should not trade in a manner which should affect adversely the competitive capacity of the cooperatives vis-a-vis the private agencies. This problem needs to be considered at the higher

official levels alongwith the representatives of cooperatives and public sector agencies.

Recently, cooperatives have been admitted as share holders in the Indian Potash Ltd. which is an encouraging development. It is a joint venture of cooperatives and public sector undertakings. This will, to a large extent, solve the problem of securing supplies of potashic fertilisers.

Of late, a tendency has been observed in favour of use of granular fertilisers by the farmers. This is a desirable trend in as much as it puts a check on adulteration which is commonly noticed in the case of hand-mixed fertilisers. Upto 1974-75 there were about 18 granular fertiliser plants, 15 of these were set up with the assistance of the National Cooperative Development Corporation and the balance three units by the cooperatives on their own. Nine of these units are located in Maharashtra, three in Karnataka, two in Punjab and the remaining each in Tamil Nadu, Bihar, Orissa and Haryana. These units have suffered from the impact of escalation of costs which give them a relatively unfavourable initial start. Besides, these units are experiencing difficulty in securing raw material viz., straight fertilisers for granulation process. Thus, this problem of procurement of fertilisers has also to be linked up with the other problems.

Finance for distribution

Finance has again been a constraint on development of fertiliser business by cooperatives. Earlier, the Reserve Bank used to provide credit to marketing cooperatives for procurement, stocking and distribution. This was channelised through State Cooperative Banks against the State Government guarantee for a period of six months upto 90 per cent of the value of stocks held by the marketing agency and its agent in its name on hypothecation basis. But now, the Reserve Bank has advised the cooperatives to raise finance from the nationalised and other commercial banks.

Structural Imbalances

As a result of structural imbalances, certain

handicaps have grown in the marketing of fertilisers by cooperatives. It is expected that an apex marketing federation should channelise the fertiliser business through its member marketing societies at the regional primary level. These, in turn, should use the primary service societies in rural areas for direct supply to farmers. So the fertiliser distribution depots or centres have to be located at appropriate levels. Unlike the private distributive agencies which are largely located at the railheads, the cooperative depots have been opened in the interior areas for the convenience of the agriculturists and their primary societies. Thus the distribution of fertilisers through cooperatives has become relatively more costly vis-a-vis private distribution agencies. This extra cost has to be viewed in a proper perspective and some assistance, concession or subsidy needs to be extended to the cooperatives to bring those on par with private agencies. Gradually this demand of cooperatives is being met.

Now, there is need to review the pattern of margin distribution among cooperatives. The margins were fixed far back and have become totally inadequate in the present context. The ex-factory prices of fertilisers are being unilaterally increased and the Government has also fixed the consumer retail prices. The tax on fertilisers is also being increased from time to time. Against this background, there is need for studying this problem in depth to provide favourable margin to the cooperative distributive agencies.

Marketing

The cooperative marketing structure needs to build up the necessary managerial manpower to handle distribution and marketing of fertilisers which includes organisation of extensive training facilities. Considerable spadework in this respect has already been done by government departments and agencies in the rural areas. This could be considered as a saving available for the cooperative fertiliser marketing agencies. Besides, the functioning of a cooperative distribution agency is different from that in the private sector. The cooperatives do not handle fertilisers like any other private fertiliser trader. The private sector unit operates as an agent only for fertili-

sers as a commodity while the cooperatives have to organise allied operations and supporting services for the benefit of the farmer.

The fertiliser marketing cooperatives have to play a many-faceted role. These societies must provide extension facilities, soil testing laboratories, scientific demonstrations on farms to prove the efficacy of agricultural inputs including fertilisers, intensive training to farmers in villages on use of fertilisers. Also, the package of services are to be communicated through distribution of literature in regional languages and cinema slides, posters, etc.

Need of a new strategy

In spite of all the odds, the cooperatives distributed fertilisers valued at Rs. 617 crores during 1974-75. By June 1975, 45,830 cooperative retail fertiliser depots had been established in the country. A large number of these depots have been located in Maharashtra, Madhya Pradesh, Tamil Nadu, Gujarat, Punjab and Karnataka.

In the face of the new situation whereunder the private agencies are competing with cooperatives in the field of fertiliser marketing, the cooperative marketing structure will have to adopt a new strategy. With this increasing demand of fertilisers during forthcoming years, the distribution of fertilisers would not only have to be conducted economically but also efficiently on a progressively increasing scale. According to the Planning Commission estimates the demand for fertilisers will grow at the rate of 6.2 per cent during Fifth Plan. This means the consumption is expected to reach 10.5 million tonnes plant food nutrients by 1980-81. By then, the cooperatives would have to distribute fertilisers worth Rs. 850 crores.

At present the fertiliser industry, in this country, is not operating at its rated capacity but it is expected to improve in the next few years. The recent shortage of fertilisers had been particularly due to the petroleum crisis which is gradually expected to ease. In other words, this means that the fertiliser market would be extremely competitive in the near future and if the

cooperative supply and distribution structure is to succeed, it must adopt modern marketing techniques and practices. The redundant intermediary cooperative marketing or distributive units may have to be eliminated through rationalisation. The margins also will have to be redistributed in a different fashion to provide incentive particularly to the units at the grass-root level.

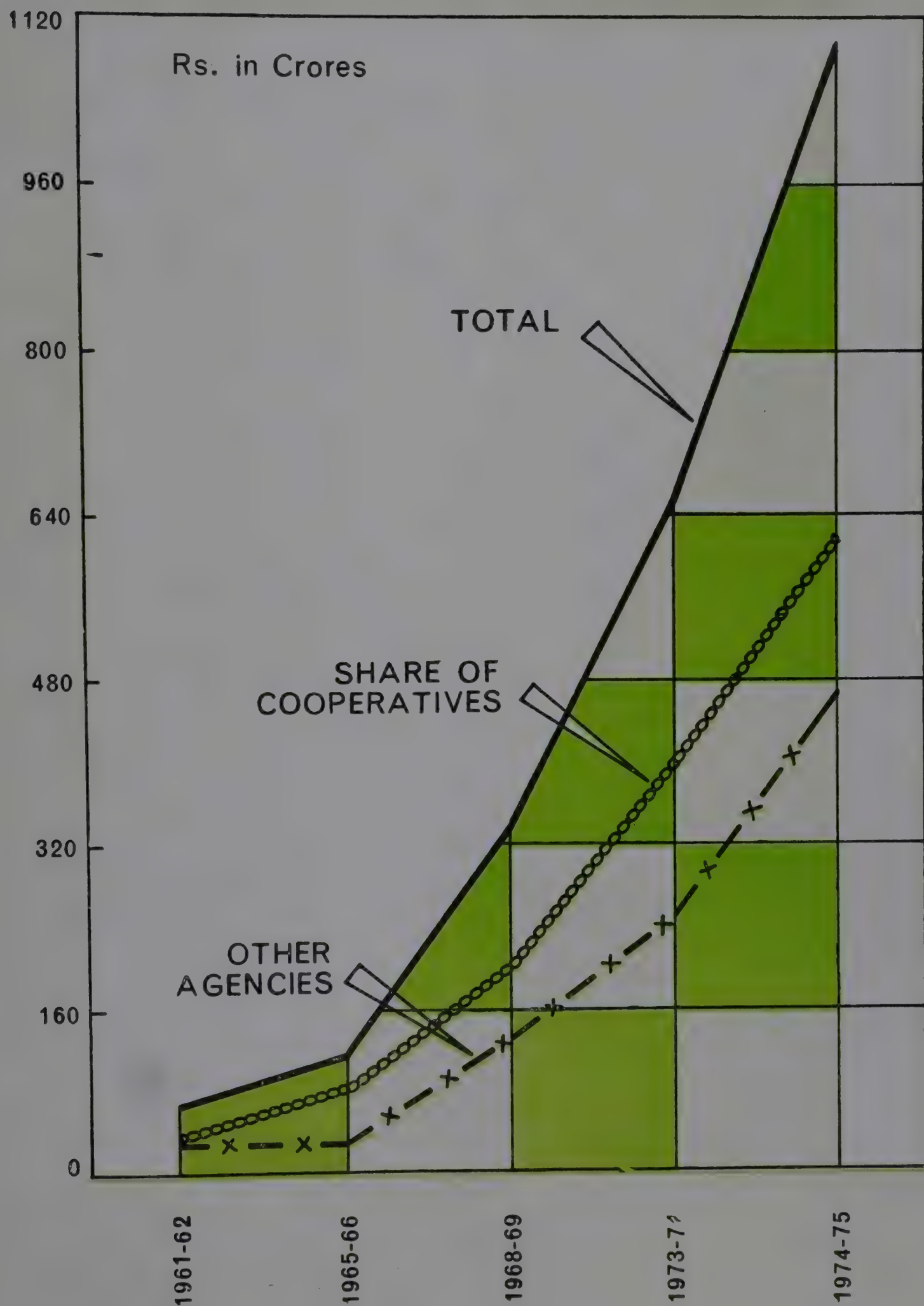
Thus, the cooperative marketing structure would have to build up : (a) buffer warehouses from where fertilisers could be conveniently and efficiently supplied to the farmers in time and at the right place; (b) retail distribution network along with specialised services and facilities to farmers such as bulk spreading, spraying of insecticides, etc. (c) arrangements for provision of bulk carriers of fertilisers to facilitate its movement; (d) communication media to establish close contact with the users of fertilisers. To achieve this, the Central and the State Governments would also have to strengthen the infrastructure through substantial investments in respect of processing of agricultural products, creation of roads and rail net work, development of rural markets, strengthening of agricultural research work, extension, etc.

The promotional work would involve not only maintaining but increasing the share of cooperatives in fertiliser business in the areas already covered and market development in new areas with existing and new products. In addition, there are under-developed regions where demand for fertilisers would have to be developed afresh. And then there are areas under dry cultivation, which would also require substantial effort on the part of the cooperatives.

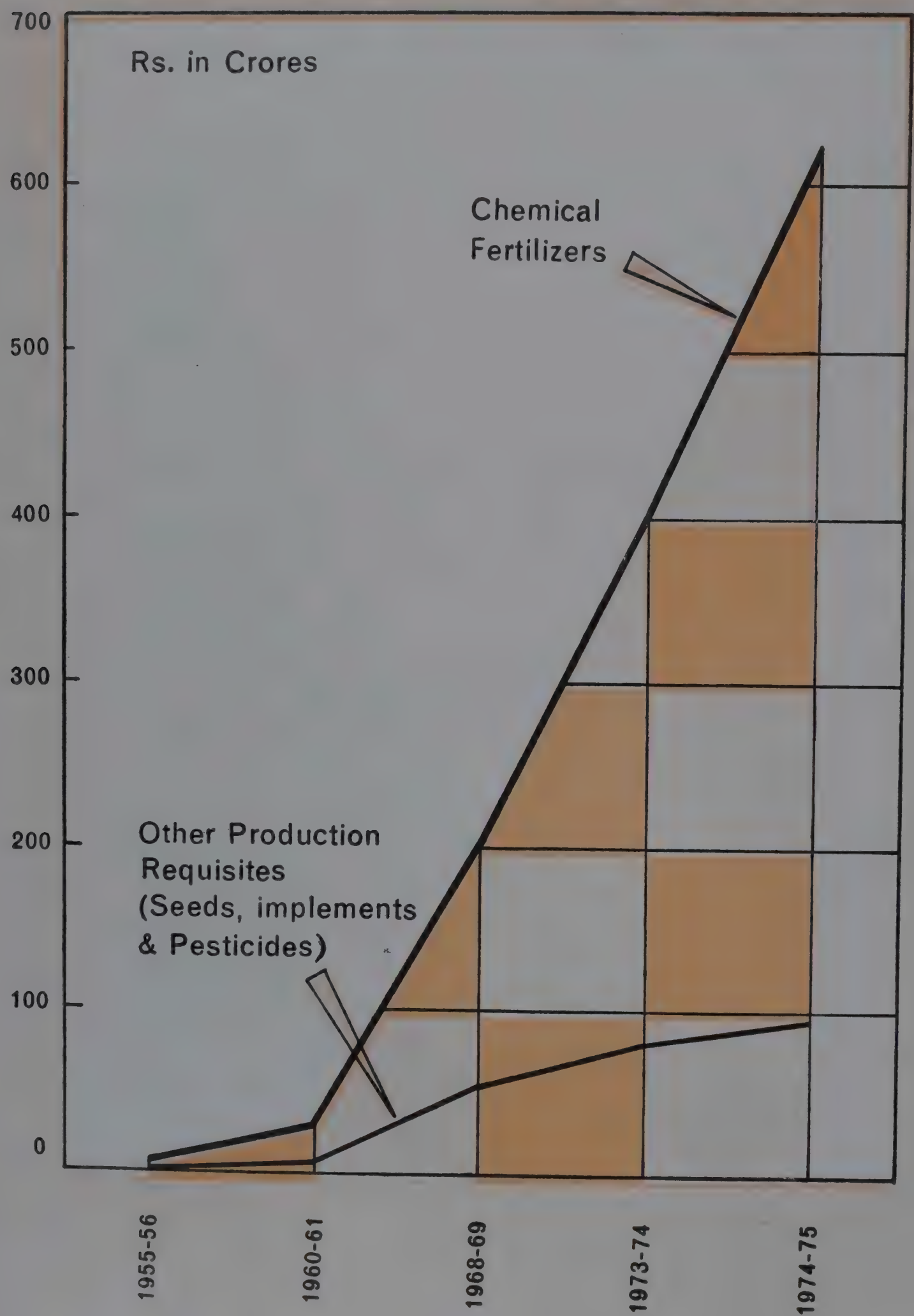
Advertising for sales promotion would have to be exploited for market development. The need of fertilisers as a major means for profitable farming, will have to be communicated to the farmer which would include demonstrations at the farmer's fields.

The coming decade would pose a challenge not only to the fertiliser industry but also to the agencies engaged in distribution of fertilisers.

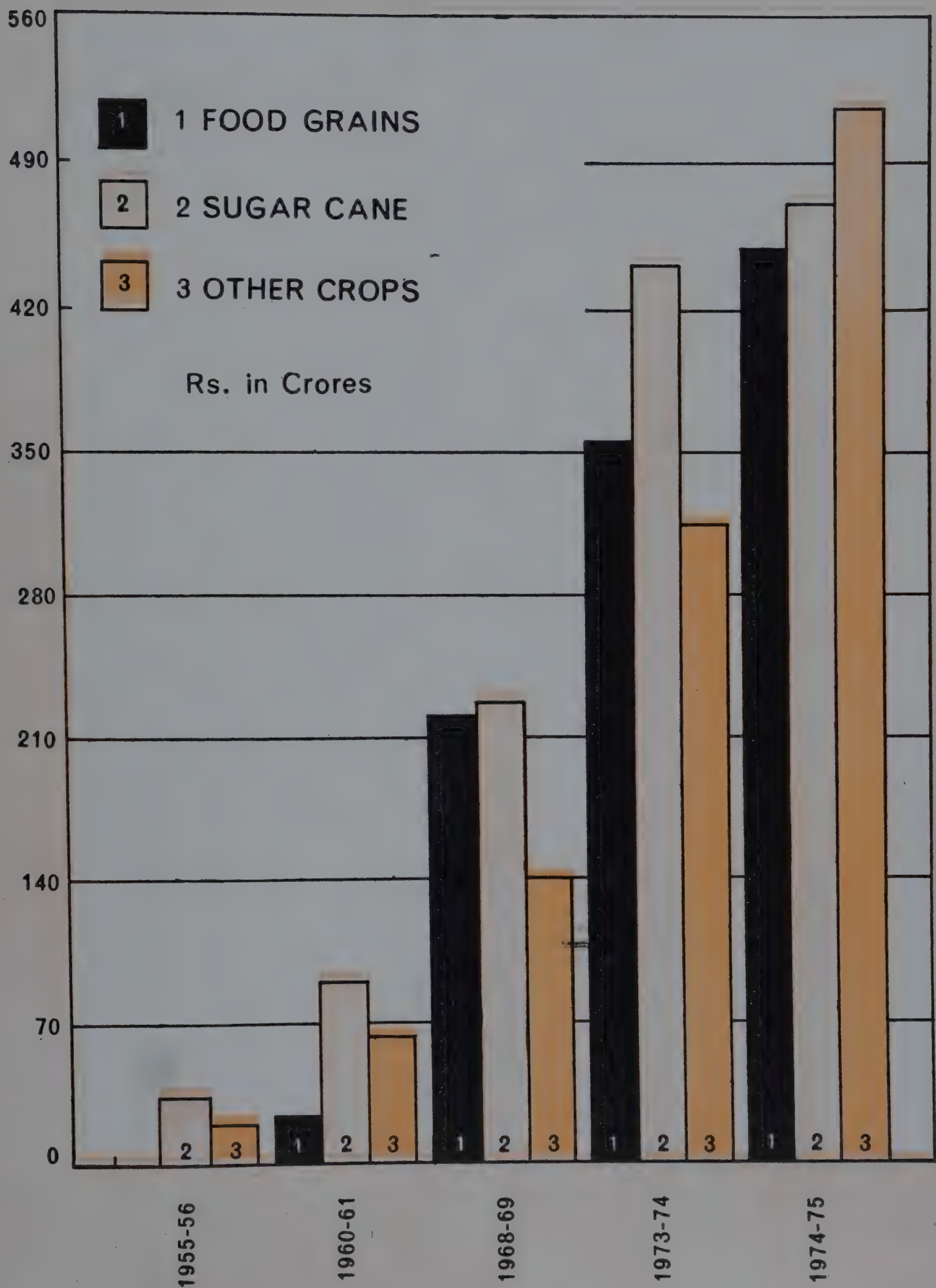
Fertiliser Distribution by Cooperatives & Other Agencies



Supply of Agricultural Production Requisites by Cooperatives



Marketing of Agricultural Produce by Cooperatives



PENAL RATES OF INTEREST AND SERVICE CHARGES ON ADVANCES

A circular letter No. DBOD. No. Dir. BC. 70/C-96-76, dated June 26, 1976, from the Reserve Bank of India (Department of Banking operations and Development) addressed to all scheduled commercial banks on the above cited subject is reproduced below for information of all concerned.

AS you are aware, in terms of paragraph 9 of Governor's circular CPC. No. BC.8/279A-76, dated the 12th March, 1976, the Reserve Bank had constituted, in consultation with the Indian Bank's Association, a Committee on Penal Rates and Service Charges. The Committee's report was submitted to the Reserve Bank on the 24th April, 1976. The Governor indicated at the meeting with the Chief Executives of major banks held at Calcutta on the 7th May, 1976 that the recommendations of the Committee were broadly acceptable to the Reserve Bank.

The Reserve Bank enjoins on commercial banks that they should follow the guidelines suggested by the Committee, which are broadly as follows :—

- (i) Circumstances under which penal rates of interest could be levied by banks and the justification for such levy

Penal rate as is currently understood represents additional interest, charged over the above normal interest rates, levied as a penalty for defaults of the borrower in complying with the terms on which credit facilities were sanctioned to him. The term 'defaults' covers a wide range, such as default or delay in repayment of a term or demand loan or retirement of bills and non-compliance with or non-observance of other terms of sanction. Penal rates cannot be objected to in principle and will have to be accepted as a justifiable part of the interest rates policy of banks, as long as they are applied with selectivity and discrimination.

Broadly, the areas where banks may be justified in charging penal rates are :

- (a) default in repayment of loans,
- (b) irregularities in cash credit accounts,
- (c) non-submission of stock statements and other financial data,
- (d) default in borrowing covenants,
- (e) non-payment/non-acceptance of demand/usage bills of exchange on presentation/due date, and
- (f) excess borrowings arising out of excess current assets (as recommended by the Tandon Committee).

Penal rate should not be regarded as a revenue raising measure but rather as a measure to enforce discipline in the conduct of the account. The practice in some banks of charging penal rate in lieu of commitment charge is clearly not justified. Similarly, if a borrower does not comply with the insurance condition of the advance, the bank concerned with its insurable interest should be in a position to take out the cover at the cost of the borrower instead of subjecting the borrower to repeated levy of penal rate which in any case cannot be a substitute for the insurance cover.

While the broad areas where banks would be justified in charging penal rates are indicated above, the policy of levying penal rates should be implemented with discrimination and selectivity. Unless a bank's decision to levy penal rate is

preceded by consideration of all the attendant circumstances, the system of penal rate would become arbitrary. In this connection, attention is invited to the recommendations made by the Committee in paragraph 21 and 22 of its report. In order to avoid indiscriminate levy of penal rate, the decisions on penal rate should be taken at a fairly high level in each bank. The decision-making levels should be determined by each bank in the light of its own administrative structure.

(ii) Levels at which penal rates should be charged

(a) Generally penal rates may be charged at rates varying from 1 per cent to 2.5 per cent per annum over and above the normal rates applicable to the advances, subject to the condition that under no circumstances should the penal rate exceed 2 per cent over the ceiling rates on advances prescribed by the Reserve Bank for various classes of banks (i.e., 16.5 per cent or 17.5 per cent per annum as the case may be plus 2 per cent). However, separate treatment may be given for certain categories of advances as indicated below.

(b) On all overdue inland bills, the overall rate of interest, inclusive of penal rate or overdue interest, should be 18.5 per cent per annum.

(c) All small loans upto a credit limit of Rs. 5,000 and all advances made by the public sector banks under the Differential Interest Rates Scheme to selected low-income groups, will be exempted from the levy of penal rate. Such exemption will also apply to agricultural advances to small and marginal farmers and other direct agricultural loans (excluding plantations).

(d) In the case of small-scale industrial units with credit limits of over Rs. 5,000 but less than Rs. 2 lakhs, the penal rate should not exceed 1.5 per cent per annum, provided the overall rate of interest, inclusive of penal rate, does not in any case exceed the ceiling rates of interest prescribed by the Reserve Bank for various classes of banks, i.e., 16.5 per cent or 17.5 per cent per annum as the case may be. In the case of small-scale industrial advances to units having limits of Rs. 2 lakhs and over the penal rate may be on the scales indicated in sub-paragraph (a) above.

(e) In the case of direct agricultural advances with credit limits of over Rs. 5,000 (excluding plantations), banks should give a time of at least three months to the borrowers for making repayments of the loans or of instalments against advances granted to them. If banks are not satisfied with the reasons for default even during the extended period, they may charge penal rate on the advance. However, penal rate should be charged only on the overdue instalments and not on the total outstandings, unless of course the entire loan is recalled. Where the farmer borrower is not in a position to repay the loans on account of natural calamities, such as drought, flood, famine, etc., or on account of unforeseen contingencies such as death or physical incapacitation of the borrower or unusual circumstances beyond the control of the borrower, banks should rather reschedule the repayment instalment than charge penal rate. The penal rate for such agricultural loans with credit limits of over Rs. 5,000 (excluding plantations) should not be more than 2.5 per cent over and above the normal rate and the overall rate of interest, inclusive of penal rate, should under no circumstances exceed the ceiling rates of interest prescribed by the Reserve Bank for various classes of banks, i.e., 16.5 per cent or 17.5 per cent per annum as the case may be.

The penal rate on plantation loans may be on the scales indicated in sub-paragraph (a) above.

(iii) Follow-up action

Your attention is invited to the suggestions made by the Committee in paragraphs 28 to 33 of its report. The Committee has taken the view that where penal rate is required to be charged on defaulted loan instalment or irregularities, it can serve as a deterrent measure only to a limited extent and it would be essential to enquire into the circumstances under which the default or irregularity continues. Penal interest rates would not be relevant in the case of reconstruction or nursing assistance to sick units. As you are aware, the Reserve Bank had organised a seminar at Bombay on the 28th April, 1976, to discuss the various problems relating to sick

industrial undertakings and banks have already been advised in our letter D.O. No. DBOD. CAS. 1046/C. 446(SIU)-76, dated the 3rd May, 1976 (or endorsement thereof) about the steps to be taken with regard to industrial units which are sick or likely to become sick in the short run.

As regards export credit, the Reserve Bank has prescribed that where pre-shipment credits or post-shipment credit (other than those given on deferred payment terms for a period exceeding one year) are extended beyond the periods stipulated for ceiling rates, the banks may charge their normal rate of interest for the extended period but not less than the minimum lending rate. The scheme of penal rate recommended by the Committee will not be applicable during such extended periods. In this connection, it has already been clarified to banks in paragraph 1 (v) of our circular DBOD. No. ECC. BC. 16/C. 297 L (I. F.)-76, dated the 6th February, 1976 that it is intended that banks should charge a reasonably low rate of interest for the extended period, taking into account the priority character of export credit. This should be kept in view while applying overdue interest on post-shipment bills negotiated by banks and overdue instalments related to post-shipment credits on deferred payment terms.

We have advised banks in paragraph 5 of our circular DBOD. No. CAS. BC. 56/C. 446/74 dated the 6th July, 1974 that where packing credits are availed of but the exports do not materialise, banks should charge a suitable rate higher than their normal rate of interest from the date of the advance. The penal rate in such cases may be on the scales indicated in paragraph 2 (ii) (a) above.

As regards service charges on borrower accounts, the Committee has classified them into two categories, viz., (a) reimbursement of actual 'out-of-pocket' expenses incurred by banks, such as godown keeper's salary, travelling or conveyance expenses of bank's inspectors or field officers, legal charges, stamp duties, etc., and (b) levy of special fees or service charges either at a flat rate or on a percentage basis. There is no objection to banks recovering actual out-of-pocket expenses from borrowers in accordance with the existing rules or guidelines. As regards special fees or service charges levied at a flat rate or on a percentage basis, the Committee propose to examine this issue further and submit its recommendations later. In the meantime, no bank should increase its scale of such service charges prevailing before the ceiling on interest rates was prescribed by the Reserve Bank.

The market is a place set apart where men
may deceive each other.

—Anacharsis

FROM HERE AND THERE

Assistance to Cooperative Sugar Factories

NCDC sanctioned financial assistance of Rs. 120.13 lakhs to the Government of Maharashtra for participating in the share capital of Vasant, Belganga, Nasik, Karmaveer and Madhukar Sahakari Sakhar Karkhanas located in the State.

The Corporation also released the last instalment of Rs. 19.55 lakhs to the State Government for contribution as share capital of Marathwada Sahakari Sakhar Karkhana Limited, district Parbhani.

Sanction of Margin Money Assistance

NCDC sanctioned Rs. 40 lakhs to the Government of West Bengal as loan to meet the margin money requirements of the West Bengal State Cooperative Marketing Federation Ltd., for its business in procurement of foodgrains, jute, cotton and other crops during the current year 1976-77.

NCDC sanctioned Rs. 10 lakhs each to the Governments of West Bengal, Gujarat and Kerala and Rs. 40 lakhs to the Government of Maharashtra to finance their respective State Cooperative Marketing Federations towards margin money requirements for procurement, stocking and distribution of fertilisers and other agricultural inputs during 1976-77.

A financial assistance of Rs. 45 lakhs has been sanctioned by the Corporation to the Kerala State Cooperative Marketing Federation Ltd., to enlarge the share of cooperative sector in the State for marketing of copra and pepper.

Establishment of a Poultry Feed Plant at Gandevi

NCDC sanctioned Rs. 22.15 lakhs to the

Gujarat Government for the establishment of a poultry feed plant by Valsad District Pashuahar Utpadak Cooperative Society Ltd. at Gandevi. The poultry feed plant will have capacity of 50 tonnes per day on three shift basis. The society will be commencing production with capacity utilisation of 20 tonnes per day and will progressively reach its full capacity by 1985-86.

Assistance for Cooperative Cold Storage

NCDC sanctioned Rs. 2.392 lakhs to Government of Himachal Pradesh as reimbursement finance towards the block loan assistance released by it to the Himachal Cooperative Cold Storage Ltd., Nagrota Bagwan, District Kangra for the establishment of a cold storage of 1,000 M.T. capacity alongwith an ice plant.

A loan assistance of Rs. 20.53 lakhs has been sanctioned by NCDC for the installation of a new cooperative cold storage of 3,000 M.T. capacity by the Uttar Ajay Krishak Samabay Himghar Ltd., P.O. Bolpur, District Birbhum in West Bengal.

NCDC sanctioned Rs. 0.73 lakhs to Government of Orissa as loan for assisting the Bhuban Cooperative Cold Storage, Bhuban, Orissa.

Assistance for Cotton Ginning and Pressing Units

The National Cooperative Development Corporation reimbursed Rs. 7.956 lakhs to the Gujarat State Cooperative Bank Ltd., towards the releases made by the Bank for the purpose of installation of a ginning and pressing factory by the Vadali Vibhagiya Cooperative Agricultural Produce Processing and Sale Society Ltd., Vadali taluka, Idar in district Sabarkantha.

The Corporation sanctioned Rs. 4.54 lakhs to the Maharashtra State Cooperative Bank Ltd., for

establishment of cotton ginning factories by the Risod Panchayat Shetkari Sahakari Samiti Ltd., in district Akola and the Pralhadpur Cooperative Ginning and Processing Society Ltd., in district Parbhani.

NCDC sanctioned Rs. 2.06 lakhs to the Maharashtra State Cooperative Bank Ltd., for the establishment of a cotton ginning factory comprising 10 DR gins by Kandhar Taluka Sahakari Kharedi Vikri Sangh Ltd., at Loha in district Nanded.

An amount of Rs. 1.46 lakhs was sanctioned by the Corporation to the Maharashtra State Cooperative Bank Ltd., for the expansion of existing ginnery at Patur set up by the Shetkari Sahakari Kharedi Vikri and Processing Society Ltd., Patur in district Akola by addition of 12 SR gins.

NCDC also sanctioned Rs. 2.06 lakhs to the Maharashtra State Cooperative Bank for the establishment of a cotton ginning factory comprising 10 DR gins, by Umred Vikas Khand Shetkari Sahakari Kharedi Vikri Samiti Ltd., at Bella in district Nagpur.

NCDC released Rs. 3.36 lakhs to the Rajasthan State Cooperative Bank Ltd., towards reimbursement of an equal amount released by the Bank to the Padampur Cooperative Marketing Society Ltd., for establishment of a cotton ginning and pressing factory at Padampur.

A financial assistance of Rs. 13.65 lakhs has been sanctioned to the Government of Punjab for establishment of a cotton ginning and pressing factory by the Punjab State Cooperative Supply and Marketing Federation Ltd., at Sardulgarh in district Bhatinda. This factory will have a capacity of 20,000 bales of lint cotton.

The Corporation has also sanctioned Rs. 3.35 lakhs for expansion of two existing ginneries at Boargaon Manju in district Akola and Baori in district Yeotmal of Maharashtra State, which would increase additional capacity of 9,000 bales of lint cotton in the state cooperative sector.

NCDC reimbursed Rs. 0.16 lakhs to the All India Federation of Cooperative Spinning Mills

Ltd., in respect of five cooperative spinning mills towards pay and T.A. etc. of the staff appointed by them.

Assistance to Fisheries Cooperatives

NCDC rendered a loan assistance of Rs. 3.00 lakhs to the Government of Kerala for participating towards share capital of the Kozhikode Regional Fish Marketing Cooperative Society Ltd. This would enable the society to expand its business in supply and distribution of spare parts, nylon net making yarn and other fishery requisities.

The Corporation sanctioned a loan of Rs. 1.566 lakhs and subsidy of Rs. 0.522 lakhs to the Kerala Government for assisting the Kozhikode Regional Cooperative Fish Marketing Federation for fabrication of trawl nets.

NCDC released Rs. 0.70 lakhs to the Government of Karnataka for the establishment of a service/repair centre at Tadri by the North Kanara District Cooperative Fish Marketing Federation Ltd., Karwar.

A loan assistance of Rs. 0.97 lakhs and subsidy of Rs. 0.49 lakhs was given by the Corporation to the Government of Andhra Pradesh for financing Hyderabad Fishermen Central Cooperative Society Ltd., for purchase of two transport vehicles. The Corporation also sanctioned Rs. 0.68 lakhs and Rs. 0.79 lakhs to the State Government for providing share capital to nine Fishermen Cooperative Societies in Nizamabad district and seven Fishermen Cooperative Societies in Medak and Nalgonda districts respectively.

Loans amounting to Rs. 1.0 lakh have been sanctioned by NCDC to Government of Kerala for assisting the Kerala Cooperative Fish Marketing Federation and Rs. 5.0 lakhs to Government of Gujarat for assisting the Daxin Gujarat Vahuvatu and Matsyadyog Sahakari Sangh, Bulsar to enable them to raise working capital.

Assistance for Training Course

The Gujarat State Cooperative Union is

organising a special short term course for training the managers and secretaries of fisheries cooperatives at the Cooperative Training Centre, Surat during the months of January-February, 1977. 30 trainees will attend the course which will last eight weeks. The total cost for conducting the training course has been estimated at Rs. 14,000 including a provision of Rs. 1,500 towards the cost of study material to be provided to the trainees. NCDC approved the sanction of financial assistance of Rs. 12,500 on reimbursement basis to the Gujarat State Cooperative Union for organising the training course. The expenditure of Rs. 1,500 proposed towards the cost of study material would be met by the Union from its own funds as part of its promotional activity by arranging cooperative training programmes in the State.

A subsidy of Rs. 20,500 has been sanctioned by NCDC to Maharashtra Rajya Sahakari Sangh for conducting five special training courses for managers and secretaries of fishermen cooperative societies in Maharashtra.

Establishment of Technical and Promotional Cells

NCDC approved the creation of seven posts of experts in the Technical & Promotional Cell of Assam State Cooperative Marketing and Consumers Federation Limited. These are Cost Accountant-cum-Financial Adviser, Management Consultant-cum-Marketing Development Officer, Consultant (Statistics and Evaluation), Processing Engineer-cum-Paddy Processing Technologist, Mechanical Engineer, Storage Development Officer and Marketing (Foodgrains) Development Officer.

The Corporation sanctioned financial assistance for the establishment of a Technical and Promotional Cell by the West Bengal State Cooperative Marketing Federation. The cell would comprise of three experts, namely, Rice Mill Engineer, Executive Engineer and Refrigeration Engineer.

The Corporation also sanctioned financial assistance for the establishment of a Technical and Promotional Cell by the Madhya Pradesh State Tribal Cooperative Development Federation

Ltd. The Cell would comprise of four experts namely, Production Manager, Purchase Manager, Marketing Manager and Cost Accountant.

The Corporation sanctioned financial assistance for the establishment of a Technical and Promotional Cell by the Kerala State Cooperative Marketing Federation. The cell would have three experts namely, Marketing Development Officer, Development Officer (Fertiliser) and Cost Accountant.

The Corporation will provide 90 per cent of the expenditure in the form of subsidy in respect of posts in the first three above mentioned schemes and 70 per cent in respect of the last one, for a period of five years.

Assistance for Distribution of Consumer Articles in Rural Areas

NCDC sanctioned Rs. 5.95 lakhs to the Government of Tamil Nadu for increasing the business turnover of the Chingleput and South Arcot District Cooperative Marketing Societies.

An amount of Rs. 1.42 lakhs was sanctioned to the Government of Nagaland, for increasing the business turnover of the Farmers Service Cooperative Society Ltd., Ghaspani.

The Corporation also sanctioned Rs. 0.98 lakhs to the Government of Orissa (Rs. 0.84 lakhs as loan and Rs. 0.14 lakhs as subsidy) for increasing the business turnover of Parlakhamundi Wholesale Cooperative Store.

An assistance of Rs. 3.20 lakhs and Rs. 5.52 lakhs has been sanctioned to the Government of Punjab, for the Batala Pathankot Consumer Store and the Unnati Vitteran project respectively, for distribution of consumer articles in the rural areas involving 110 village societies.

The Corporation sanctioned Rs. 28.7 lakhs to the Government of Uttar Pradesh, Rs. 9.48 lakhs to the Government of Punjab, Rs. 12.92 lakhs to the Government of Tamil Nadu, Rs. 17.58 lakhs to the Government of Andhra Pradesh, Rs. 6.62 lakhs to the Government of Madhya Pradesh and Rs. 2.40 lakhs to the

Government of Orissa for distribution of consumer articles in rural areas.

Assistance for Vegetables Oil Refinery Unit

National Cooperative Development Corporation sanctioned Rs. 10.08 lakhs to the State Government of Tamil Nadu for the establishment of a 20 tonnes per day vegetable oil refinery unit by the Coimbatore District Cooperative Supply and Marketing Society Ltd., at Ondipudur.

Assistance for a Cattle-feed Factory at Rohtak

The Corporation reimbursed Rs. 7.835 lakhs incurred by the Haryana State Cooperative Bank for setting up a cattle feed factory at Rohtak.

Assistance for Construction of Godowns

NCDC sanctioned Rs. 0.66 lakhs to the Government of Karnataka for construction of 14 rural godowns and Rs. 7.50 lakhs to the Government of Jammu and Kashmir for construction of a godown by Jammu and Kashmir Cooperative Supply and Marketing Federation.

The Corporation released Rs. 2.57 lakhs to the Government of Himachal Pradesh towards the second instalment of assistance in respect of the 27 rural and 3 marketing godowns.

Assistance for Establishment of Dal Mills

National Cooperative Development Corporation sanctioned a loan assistance of Rs. 6.40 lakhs to the Government of Madhya Pradesh for establishment of Dal Mills at Harpalpur, Seoni Malva, Bhikangaon, Mandsaur, Joara, Bhind and Obedullaganj in Madhya Pradesh.

In order to encourage establishment of consumer industries in cooperative sector, a sum of Rs. 8.408 lakhs has been sanctioned to the Government of Maharashtra for establishment of a Dal mill by the Apna Bazar, Bombay and a laundry soap manufacturing unit by Maharashtra Wholesale and Retail Store Ltd., Bombay.

Fruit Growers' Cooperative Marketing and Processing Society Assisted

The Corporation released Rs. 2.47 lakhs to

the Government of Himachal Pradesh for marketing of apples by the Himachal Fruit Growers' Cooperative Marketing and Processing Society Ltd., under the Central Sector Scheme for cooperatively underdeveloped States/Union Territories.

NCDC released the last instalment of Rs. 2.478 lakhs to NAFED as reimbursement of expenditure incurred by it for the establishment of a multi commodity fruit and vegetable processing unit by the Federation.

Modernisation of Rice Mills

NCDC sanctioned Rs. 1.361 lakhs to the Haryana State Marketing Federation for modernisation of four conventional rice mills at Samalkha, Taraori, Medland and Gharaunda.

The Corporation sanctioned Rs. 0.54 lakhs as loan and Rs. 0.18 lakhs as subsidy to the State Government of Andhra Pradesh for modernisation of the conventional rice mill managed by Warangal Cooperative Marketing Society Ltd., Warangal.

NCDC sanctioned Rs. 3.60 lakhs as loan and Rs. 1.20 lakhs as subsidy to the Government of Karnataka for the establishment of a modern rice mill by Parane Farmers Service Cooperative Society, Parane in District Coorg.

For modernisation of eleven conventional rice mills, NCDC sanctioned Rs. 3.02 lakhs as loan and Rs. 0.09 lakhs as subsidy to Government of Madhya Pradesh.

Assistance for Purchase of Transport Vehicles

NCDC sanctioned loan assistance of Rs. 3.125 lakhs and subsidy of Rs. 1.562 lakhs to the Arunachal Pradesh Cooperative Marketing and Supply Federation for purchase of 5 trucks, under the Central Sector Scheme for development of cooperative marketing and similar activities in underdeveloped States/Union Territories.

An assistance of Rs. 9.75 lakhs has been sanctioned by the NCDC to the Girijan Cooperative Corporation Ltd., Visakhapatnam, for purchase of seven lorries and four mini trucks to

facilitate transportation of agricultural and minor forest produce collected from tribal areas in Andhra Pradesh.

Assistance for Milk Products Plant

NCDC released Rs. 2.80 lakhs to the Punjab State Cooperative Bank Ltd., by way of reimbursement against its release of equal amount to the Hoshiarpur Cooperative Milk Producer's Union Ltd., Punjab for the establishment of a milk products plant.

The Corporation has approved revised assistance of Rs. 96.85 lakhs for the establishment of a cooperative fluid milk plant at Visakhapatnam by the Marginal Farmers and Agricultural Labourers and Milk Producers' Cooperative Dairy Development Union Ltd., Visakhapatnam. The project involves total capital cost of Rs. 138.37 lakhs.

Assistance to Hosiery and Readymade Garment Units

NCDC sanctioned Rs. 1.40 lakhs to the Government of Karnataka for setting up a hosiery unit by the Karnataka Cooperative Consumer Federation.

A sum of Rs. 26.49 lakhs was sanctioned to the Tamil Nadu Government for financing three garment manufacturing units to be established by Tamil Nadu Handloom Weavers Cooperative Society Ltd., at Madras, Tiruchirappalli and Madurai.

Assistance for Cotton Seed Oil Complex

NCDC has sanctioned an integrated cotton seed oil complex which is to be set up by Shri Saraswati Cooperative Oil Industries Limited,

Dharmabad in district Nanded, Maharashtra at a total cost of Rs. 133.00 lakhs involving loan assistance of Rs. 86.50 lakhs.

Assistance for Installation of a Par-Boiling Unit

NCDC sanctioned Rs. 3.90 lakhs to the State Government of Karnataka for the installation of a modern par-boiling plant with mechanical drier by Taluka Agricultural Cooperative Marketing Society Ltd., at Tarikere in district Chikkamagalur.

Assistance for Purchase/Building of a Cargo Vessel

NCDC sanctioned Rs. 3 lakhs as subsidy to the Union Territory Administration of Lakshadweep Islands towards cost of purchase/building of a cargo vessel of 200 tonnes capacity, with modern loading and unloading facilities, by the Laccadive Cooperative Marketing Federation Ltd., for transporting copra and consumer articles from the islands to the mainland and vice versa.

Remarkable Progress by Gujarat Oil Processing Unit

The solvent extraction unit set up by the Rajkot Lodhika Cooperative Purchase and Sale Union Ltd., at Kasturbadham (Rajkot), Gujarat State with a financial assistance of Rs. 11.07 lakhs from the NCDC was commissioned on December 24, 1975. In the first six months of its operation, the unit processed 63,084 quintals of groundnut cake and obtained 4,504 quintals of oil and 58,557 quintals of deoiled meal. The Society exported 53,555 quintals of deoiled meal worth Rs. 51.01 lakhs to West Germany, Poland, Hungary and German Democratic Republic.

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FEBRUARY 1977



HOMAGE TO LATE PRESIDENT



Shri M. S. Gill, M D., NCDC, accompanied by other officers paying homage to Late President, Shri Fakhruddin Ali Ahmed.

NCDC Bulletin

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EDITOR : **N. N. Trehan**

Views expressed in articles published are of the authors and not necessarily of the Corporation.

HOMAGE TO LATE PRESIDENT

THE National Cooperative Development Corporation mourns with the nation, the sudden and sad demise, of President Fakhruddin Ali Ahmed on February 11, 1977. While the nation mourns the loss of a good and kind man, and an able and wise leader, for us in the NCDC and the cooperative movement, it is a personal loss.

During his long and distinguished career as a public man, Mr. Fakhruddin Ali Ahmed had been a strong advocate of the need for an expanding cooperative movement in the service of the people. During his tenure in the Assam Government, he constantly endeavoured to support and improve the working of the cooperatives. As Minister of Agriculture & Cooperation from June, 1970 to July, 1974 in the Union Government, he made it a point to encourage in every way, the expansion and prosperity of this movement. He had a strong conviction, that the cooperatives, were the best friends of the common man, and the most fit instrument for his welfare. During his tenure as Agriculture Minister, he was the Chairman of the National Cooperative Development Corporation. He took a keen and active interest in the Corporation's activities and was largely responsible for its expanded role and many new programmes, particularly for the weaker sections. Always available to the Corporation and its officers, relaxed, genial and a careful listener, he was ever ready with valuable advice and support. As always, he readily accepted our invitation and visited us for the last time to lay the foundation stone for the NCDC's headquarters at New Delhi on 22nd April, 1976.

Mr. Fakhruddin Ali's election as the President of India gave special encouragement to the cooperative movement. He made it a point, during his all too brief tenure, to take every opportunity to urge the country to adopt the cooperative way for the economic development of the nation. In his passing away, we in the NCDC and the cooperative movement of the country, have lost a friend—we can perhaps never replace.

NCDC TABLEAUX IN REPUBLIC DAY PAGEANT

“COOPERATIVES in the service of the people” was the theme of the tableaux which the NCDC put up for display in the Republic Day pageant this year, on behalf of the Union Ministry of Civil Supplies and Co-operation. Such a venture was taken up by the Corporation for the first time.

The tableaux brought out different facets of cooperative movement in the country through five sections. A revolving display, divided in three portions and set up on the top of the tractor, illustrated the functioning of the farmers service society. The first depicted the activities of the primary credit society which provides

agricultural credit to farmers. The provision of agricultural inputs such as fertilisers, seeds, pesticides, small implements and other farm requisites to farmers by the society was displayed in the second. The third portion gave a glimpse of the consumer store providing essential commodities such as foodgrains, kerosene oil, controlled cloth, edible oils, sugar, etc.

The display on the trailer comprised of an agricultural tractor and a pumping set which are symbolic of the promotion of agricultural activities wherein the cooperative sector is expected to play a significant role. The marketing activity of the village society was presented



A view of the tableaux.

through the display of a godown stacked with foodgrain bags and a weighing balance procuring foodgrains. The next display showed a sugarcane field with a live healthy crop being sprayed with pesticides by a farmer. A photographic enlargement of a cooperative sugar factory, the sector which enjoys a major share in the total sugar production of the country, formed the last display. Cut Sugarcane was piled up on both sides of this enlargement.

The international cooperative symbol in bright rainbow colours was displayed on the

front side and NCDC logo on the two sides of the tractor. At the rear end of the tableaux was displayed a mural showing a consumer cooperative store selling books and stationery articles to students in hostels.

The various activities were animated by seven young men and two women performing different roles. This animation imparted life to the exhibit.

The success of our venture was evident from the spontaneous applause it received from the multitude watching the parade.

COOPERATIVES IN THE EASTERN REGION

Syed Mir Qasim

COOPERATION is a way of life which enables the weaker section of society to face competition from its better placed members on more or less equal footing in various fields such as industry, trade or business. It is imbued with a social purpose and has been recognised as an important instrument of economic growth. Cooperatives protect the common man against usury and exploitation and also provide the necessary institutional infrastructure for development. While cooperation has made significant progress in other parts of the country, the movement is still to develop on sound lines in the States and Union Territories of the eastern region of the country.

The region covers the States of Bihar, Orissa, West Bengal, Sikkim, Assam, Meghalaya, Manipur, Tripura, Nagaland and the Union Territories of Arunachal Pradesh and Mizoram. It is of strategic importance and significance with a

vast potential for growth, having fairly rich natural resources—forests, power, minerals and water. The land and the people, their needs and social customs are distinct and vary from state to state. The level of growth, also, in the region, varies from area to area depending upon the terrain, climate, resources and communication facilities. The region is still developing, with many backward areas particularly in respect of the infrastructure for growth which has still to be developed in various centres. The terrain is difficult, communication facilities inadequate and there is also a large tribal population. The land tenure system has still to be organised on scientific lines. These are permanent settlement areas where feudal systems came in the way of organised development. Institutional agencies have had a retarded growth and reasons, therefore, are geographic as well as socio-economic.

The special problems and organisational

weaknesses of the region have been recognised and concerted efforts are now being made to hasten the pace of growth. Keeping in view the need to bring the area upto the stage of development of other regions in the country, the Government of India, the Reserve Bank of India and the Agricultural Refinance and Development Corporation and the National Cooperative Development Corporation are all engaged in solving its problems. The Government of India convened a conference of State Ministers of Cooperation of this region in October 1973, to draw up a broad frame-work of policy, structural pattern, administrative, financial and legislative arrangements and also to work out a strategy for stepping up the pace of development. Special statewise studies were undertaken to boost cooperative movement in the area.

One of the major objectives of the Fifth Plan is to correct regional imbalances with emphasis on promoting the welfare of the vulnerable sections of society. In the sphere of agriculture, a multi-pronged strategy for development of cooperation for this region has been adopted. It involves identification of problems, drawing up of special programme and review of their implementation; selection of commodities like jute, fruits, vegetables etc., for cooperative processing and marketing; restructuring of cooperatives; involvement of national level cooperative federations like NAFED for providing technical and business support to the cooperatives and coordination of the activities of cooperatives with institutions such as Jute Corporation of India. The strategy also involves the provision of institutional finance to the cooperative societies at concessional rates and inclusion of the central sector schemes in the Fifth Plan for providing assistance to State Governments outside the State Plans for specific schemes of cooperative development in the region.

With a view to boosting the cooperative movement in the region, a number of steps have been initiated to provide special financial assistance to the cooperatives in cooperatively under-developed areas in the country, including the eastern region. These are :

- i) While fixing the debentures' programmes

of land development banks for various states which will be supported by contribution from central government, the Reserve Bank of India and commercial banks, a higher rate of return is allowed for cooperatives in these states.

- ii) Agricultural Refinance Corporation has taken special initiative in drawing up and implementing the schemes in the eastern region.
- iii) Special weightage is being given to banks located in these states for augmenting the credit stabilisation fund of the State Cooperative Banks.
- iv) For establishment of Cooperative National Federations and other processing units in these states, members are required to collect lower amount of share capital than other states, and
- v) Finally, the NCDC has adopted a more liberal pattern of assistance of cooperative marketing and processing programmes for these states.

A central sector scheme has been evolved to provide a higher rate of growth in the operations of cooperative credit institutions in the region, keeping in view their inadequate resources. The Fifth Plan outlay for this purpose is Rs. 13.10 crores. Further, for the development of cooperative marketing, processing and storage, another scheme of assistance through the NCDC with a current outlay of Rs. 14.85 crores is in operation. Another scheme of the NCDC assists tribal cooperatives. A special scheme for education of the members of under-developed state cooperative societies have been approved with a view to providing trained cadres for manning these cooperatives.

The Fifth Plan outlay on Cooperation for Arunachal Pradesh is Rs. 1.49 crores. Out of this, the outlay for 1977-79 is Rs. 97 lakhs, provision for 1976-77 is Rs. 32 lakhs. The target for consumer stores for the Fifth Plan was 27. Four stores have been set up in 1975-76 and 10

are in the process of being set up this year. One out of four processing and marketing cooperatives targetted for each have been installed.

For Assam, the Fifth Plan outlay is Rs. 11.23 crores with Rs. 6.38 crores for 1977-79 and Rs. 2.76 crores for 1976-77. Out of this, Rs. 25 lakhs is earmarked for hill areas. The cooperative credit system in Assam is very weak and loaning programme is not making much progress. The achievements in marketing of agricultural produce by cooperatives has been very good and it is likely to touch Rs. 30 crores during the current fiscal year. The distribution of consumer articles in rural areas also is picking up and it is likely to be worth Rs. 5 crores.

The Fifth Plan outlay for Cooperation in Manipur is Rs. 1.26 crores, out of which, Rs. 65 lakhs is for 1977-79, and Rs. 30 lakhs for 1976-77. Steps are being taken to reorganise and strengthen the cooperative credit structure and five large scale multi-purpose cooperative societies are proposed to be set up in 1976-77.

Meghalaya has a Fifth Plan outlay of Rs. 2.18 crores with Rs. 1.05 crores for 1977-79 and Rs. 47 lakhs for 1976-77. Almost 100 per cent of the cooperative loans are being provided to the weaker sections. There has been consistent progress in retailing of fertilisers by cooperatives but the distribution of some articles in rural areas has still to be improved.

In Mizoram, the cooperative movement is very weak and its achievement, in respect of agricultural produce marketed by cooperatives, loaning programmes and retailing of fertilisers, has been either nil or very negligible. There has, however, been considerable progress in the distribution of consumer articles in rural areas through cooperatives and for 1976-77, the target is Rs. 50 lakhs as against Fifth Plan final year's target of Rs. 30 lakhs. In the urban areas the performance in the matter of retail sales of consumer cooperatives has been rather on the low side. The Fifth Plan outlay for Union Territories is Rs. 1.34 crores out of which Rs. 55 lakhs is for 1977-79 and Rs. 19 lakhs for 1976-77.

The organisation of more societies in Nagaland needs to be slowed down and more attention has to be given to consolidation and strengthening of the existing ones. Cooperatives are not involved in the distribution of fertilisers. The outlay for the Fifth Plan for the State for cooperative development is Rs. 1.32 crores with Rs. 63 lakhs for 1977-79 and Rs. 27 lakhs for 1976-77. The salient feature of the operation of cooperative movement in Nagaland is the fact that 40 per cent of the cooperative advances have been given to the weaker sections.

Sikkim has at present 23 primary agricultural credit societies. The Working Group of the Planning Commission has suggested that at the primary level there should be primary agricultural service society with multi-purpose character to undertake the functions of credit, marketing, processing and supply of agricultural inputs and consumer articles. Thirty five such societies are to be organised in the State including four farmers' service societies, one each for every district. It will be desirable to organise a few milk societies in surplus milk pockets for collection of milk and supplying cattle to the milk producers. It is also necessary to organise a few specialised commodities marketing societies in selected pockets to handle horticulture products. There is also a proposal to organise one state level organisation for marketing, viz., Sikkim State Cooperative Supply and Marketing Federation, which will take care of the needs of the primary societies with regard to marketing of agricultural produce, supply of agricultural inputs and consumer goods. The 1978-79 target of Rs. 2 crores is expected to be achieved in 1976-77 itself. In rural areas, however, there is very little achievement.

The Reserve Bank of India conducted studies on the structure and problems of cooperative credit institutions in this region. The institutions in West Bengal have been reorganised and strengthened in the light of the report of the RBI Study Team. As a result, the movement has made considerable progress in the State. Structural and other problems of cooperatives in Sikkim were also studied by an expert team and their recommendations are being

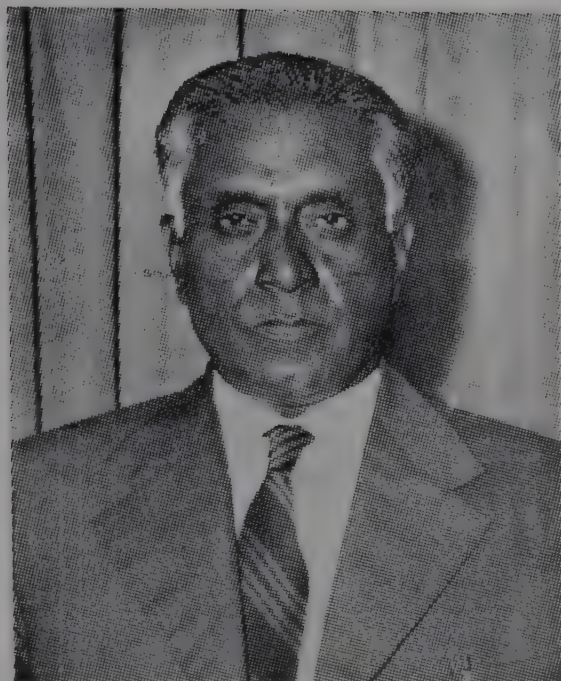
implemented. Several schemes for development of this area have been evolved by the ARDC, for implementation through cooperatives and commercial banks. To ensure viability of the primary credit societies, the RBI has issued guidelines for their reorganisation. These are being implemented and the implementation is at various stages in different states. Many federations have taken up marketing of ginger, pine-apples etc. grown in this region in collaboration with the local cooperatives. Feasibility studies have been and are being undertaken in respect of marketing and processing of fruits in this area with the help of NCDC. The assistance is also provided by the NCDC to revitalise the Assam State Marketing Federation which, with this help, is intensifying paddy procurement and jute purchase operations. NCDC has also assisted selected marketing societies with additional share capital for intensive development. Special assistance has also been provided for construction of godowns. With the assistance provided, the marketing societies in West Bengal, Assam and Orissa have undertaken jute and paddy procurement operations

successfully. In the field of fertiliser distribution, the cooperative society in Orissa, West Bengal and Bihar have a greater share. Even in Assam the State Marketing Federation has made a good beginning in this regard.

It will thus be seen that as a result of various steps taken by the Central and State Governments and the RBI, a pace has been set for concerted and accelerated growth of cooperatives in this region. Local leadership and trained personnel are needed to sustain this pace. Data collection, monitoring and assessment of performance are fields where something more needs to be done. Cooperatives in this region, which had languished once, steeped in overdues and debilitated with organisational deficiencies, are now being given fresh outlook and a challenge. The Central and State Governments will provide necessary guidelines and guidance and help in meeting the tasks set before the nation for the cooperatives which, however, should be reorganised and restructured so that they become strong, viable and truly effective.

Be Indian buy Indian

Support self-reliance; buy Indian.



PADMA SHRI AWARD FOR SHRI PAUL POTHAN

SHRI PAUL POTHAN, Managing Director of the Indian Farmers Fertiliser Cooperative Limited, has been awarded the coveted honour of 'Padma Shri' in the Republic Day awards. A brilliant engineer with a degree from Mysore University, Shri Pothan has had over three decades of practical experience in the fertiliser industry. Joining FACT in Kerala State in 1945, Shri Pothan by his hard work rose to the position of Joint General Manager in this Organisation in 1965 and came to acquire wide and varied knowledge of all aspects of fertiliser and chemical plant construction and operation. He joined Indian Farmers Fertiliser Cooperative Limited in 1968 as its Managing Director, in which capacity, he was responsible for the successful commissioning of its two plants. These plants, in the very first year of their operation, showed a net profit of over Rs. 2.2 crores in 1975-76. Shri Pothan was also responsible for initiating and implementing plans for the setting up of IFFCO's third plant at Phulpur, which is likely to go into production by early 1979.

Shri Pothan is presently Chairman of the Fertiliser Association of India; Director, Fertiliser Corporation of India; Fertilisers and Chemicals Travancore Ltd.; Indian Potash Limited; Indian Institute of Technology, Kanpur; and Member of the Development Council for Inorganic Chemical Industries. He was included in the Government delegation to the first Consultative Conference on Fertiliser Industry called by UNIDO at Vienna from January 17 to 21, 1977.

Widely travelled, Shri Pothan is the author of several research and technical papers on various aspects of Management and Technology of fertiliser plants. He has attended several national and international seminars and conferences on fertiliser industry and has been associated with a number of expert bodies on chemical industry.

Shri Pothan's general interests cover archaeology, architecture, history, literature and sports.

MARKETING OF ESSENTIAL COMMODITIES IN INDIA IN THE EIGHTIES

A. C. George

MAKING forecasts about any economic activity is a risky business. Nevertheless, on account of general stability achieved in the national economy since the proclamation of the Emergency, the priority that has been given to easy availability of mass consumption goods at fair prices in the New Economic Programme and also because of the fact that the decade of eighty's is not far off, some ideas can be formed about the shape of marketing of mass consumption goods that is likely to emerge.

Expansion of Public Distribution

Until very recently, public distribution meant supply of selected commodities like rice, wheat or sugar through fair price shops and initiation of action in response to crisis situations. It was more in the nature of exigent machinery rather than as an on-going system. Now public distribution is a permanent structure and its meaning and content are being enlarged. You are well aware that during the past two years the public distribution system has been enlarged and streamlined. By now the distribution of rice and wheat and levy sugar is carried out all over the country through 2.40 lakh fair price shops. Similarly, kerosene is being retailed through 1.66 lakh outlets. In the years to come this will be further strengthened and streamlined to make it more effective in influencing availability and movement of prices.

However, what is more important is the broader meaning that is being imparted to public distribution. In addition to supply of a few selected essential commodities through fair price

shops, there will be an increasing public surveillance on availability, prices and quality of all mass consumption goods. As such, public distribution in future will entail a continuous process of broadening the objectives, instruments, policies and commodities. The marketing of mass consumption goods, whether in the public or private sector, will be so built as to subserve the interests of the masses. Social marketing will gain further momentum. The interests of producers and traders would be brought in alignment with public policy and social goals.

Significant Role of Cooperatives

The annual estimated turnover of retail trade is Rs. 15,000 crores. The distribution sector, providing employment to nearly 60 lakhs, has two important tiers—wholesalers and retailers. The former number 1.95 lakhs and the latter 32.9 lakhs. Cooperatives account for about 4 per cent of the retail trade. However, in the multi-tier distribution system there are also sole selling agents, brokers, commission agents, distributors, semi-wholesalers etc., while the bulk of the retailing will continue to be handled by private trade, efforts are afoot to raise the share of consumer cooperatives to 15 per cent to 20 per cent so that it can act as an effective market intervention force. The cooperative sector will also enlarge the number of goods they deal in.

Cooperative sector will also undertake the production and processing of several consumer goods. In sugar, cooperatives already account for nearly half of the total production. Fifty edible oil extraction units will be set up in the next

five years. In commodities like potatoes and onions, the cooperatives will build up buffer stocks with a view to making available adequate supplies during the lean months. As a part of the same programme, storage capacity in the sector will be enlarged. Besides, the working of consumer cooperatives will be improved. Efforts are being made to make them viable and to introduce modern management techniques. Thus, in the eighties cooperatives will play an enlarged role in meeting the needs of consumers and in being a more effective countervailing force to private trade.

Rationalisation of Private Sector Distribution

Yet the private trade will handle more than 3/4ths of the retail trade and the share of distributors/wholesalers may be even larger. Both these tiers of distribution are by and large necessary to keep the channels of distribution going but we have to devise means to see that they provide efficient service at least cost. The availability of mass consumption items is generally better in urban areas than in rural areas, still worse in far flung and backward districts. There has been some improvement in this regard during the past two years but something more has to be done to eliminate the differences in prices and availability of mass consumption goods in vulnerable areas. In this regard the manufacturers have necessarily to play an important role to see that distribution outlets, particularly at the wholesale level, are enlarged so that retailers are in a position to obtain goods all the year round at short distances.

Another important point which is drawing the attention of the Government is the role of other tiers of distribution. By and large for mass consumption goods of non-durable nature in whose case no after sales service is required, the role of sole-selling agents is hardly relevant in the Indian context. It appears that by and large they are functionally and socially redundant. In the case of sugar, vanaspati, cement and paper the appointment of sole selling agents has already been prohibited. The cases of sole-selling agents now in existence in these and other industries are being looked into case by case by the

Company Law Board. Sooner or later this tier of marketing, except in commodities which require after sales service, may have to go. Similarly, the role of tiers like brokers, commission agents, semi-wholesalers, etc., has to be looked into. In nutshell the distribution structure in the private sector will have to be rationalised so as to have a viable marketing system without unwanted frills.

Some companies are spending disproportionately on distribution and advertising. Ultimately these costs get reflected in the consumer prices. In a developing country like ours, creation of demand by rigorous and costly advertising and marketing seem to be illogical. There are commodities/manufacturing units in whose case the distribution costs are more than 30 per cent, sometimes even more than 50 per cent. The manufacturing units themselves should have a second look at their distribution mechanism so as to rationalise it in order to cut costs. The Government will also take increasing interest in some of the mass consumption items by seeing to it that avoidable marketing costs are eliminated. The Ministry of Civil Supplies & Cooperation has already asked the National Council of Applied Economic Research to make a study of distribution of cotton textiles with a view to suggesting least cost distribution system without impairing the flow of goods. Similar studies will be made in respect of other commodities. On the basis of these studies the Government will initiate remedial action to make the marketing of these goods attuned to social purpose.

Costing of Mass Consumption Goods

A major element in the consumer price of a product is the production cost. Every now and then there are complaints about unwarranted price hikes. There are already a number of products in which monopoly profits are being made by companies including some multi-national corporations. The manufacturers, whenever in difficulty due to slack demand, approach the Government to reduce taxes on the end products as well as inputs. There may be some justification in regard to some of the items or the need for rationalisation thereto but by and large so

far in this regard manufacturers have done precious little to cut down costs or to dovetail their production to a buyers' market. In our country the manufacturers still prefer to cut back production rather than reduce prices even though such reduction may not mean going red. They have not geared their machinery to dovetail their production to enlarge their market. All the improvements that are generally made in the products are with a view to making them more sophisticated which serves the interests of a limited number of people in this country. This elitist orientation, which commands price-premium, needs to be replaced by mass consumption orientation. As already pointed out some of these mass consumption goods will be manufactured in the cooperative sector and may be in the public sector as well. This should be a warning signal to the private sector that they should change their attitudes so as to produce mass consumption goods of standard quality at cheaper prices so that the needs of the masses are met. The Government is building up the infrastructure for going into costing of various mass consumption manufactured goods and soon this will become an important function of the Ministry of Civil Supplies & Cooperation.

Self-discipline by Trade Organisations

In the U.K., the Director General Fair Trading has been emphasising that industry and trade should formulate codes of conduct. In our country there are a large number of Chambers of Commerce, Trade and Industry at national and regional levels and also for individual industries. How many of them have taken interest in attending to consumer grievances and black-listed those traders or manufacturers who cheat the consumers? Since the proclamation of the Emergency, trade and industry did cooperate with the Government in keeping prices in check and in maintaining availability of goods. But lately the anti-social elements are once again trying to raise their heads. It is because of the vested interests that the prices of edible oilseeds and oils have gone up and their availability adversely affected. Same is the case with other commodities, the prices of which have gone up during the past six months. This is where the process

of self-discipline has utterly failed. This also is indicative of the fact that whenever industry or trade get an opportunity they try to exploit the situation to their advantage at the cost of the consumer. The representatives of trade and industry should evolve codes of conduct and act upon them most vigorously. The Ministry of Civil Supplies & Cooperation will help all such organisations in framing the codes of conduct. This will also facilitate the process of lessening Government control and interference. One of the basic objectives, therefore, of marketing in the eighties should be to frame codes of conduct by various representative organisations of industry and trade.

ISI Certification of Consumer Goods

Apart from easy availability and fair prices, the quality and standards of mass consumption goods are very important. Government attaches great importance to this area of consumer protection. It is largely because of this fact that the Indian Standards Institute has now become a part of the Ministry of Civil Supplies & Cooperation. The ISI Certification Marks Scheme is gaining importance. However, there are still a large number of mass consumption items which are sold without any ISI marking. The Government have been persuading manufacturers of mass consumption goods to voluntarily apply for ISI Certification Mark and will continue to do so. However, the Government is thinking of making it compulsory for all mass consumption goods. In respect of 55 domestic electrical appliances it has already been made obligatory on all manufacturers, etc., to sell these appliances only when they conform to specified ISI standards. Similar action is likely to be initiated in respect of other mass consumption items.

Consumer Protection and Education

In the classical economic theory consumer was considered to be the sovereign but now with the onslaught of industrialisation and aggressive marketing accompanied by vigorous advertising, the consumer has lost the sovereignty and he is being played about by manufacturers and traders. This has led to the development of consumer

movement in developed economies. In this country the consumer movement has made a small beginning. Government will make all efforts to strengthen this movement and make it more broad-based though it will like it to be essentially a voluntary movement.

The Government has recently taken a decision to set up a National Consumer Protection Council to promote and direct the consumer movement in the country and to serve as a watch-dog at the national level on behalf of consumer interests. The Council will function as an apex body to provide guidance and assistance including financial assistance to state governments for their Advisory Committees and also assist greater public participation by setting up and/or activating such committees at district level. NCPC will keep itself informed about the consumers, problems and matters affecting their interests, collect and disseminate information regarding the consumer matters, conduct research and investigate into matters affecting the welfare of consumers, provide assistance including financial assistance to consumer organisations, and associations, examine consumer grievances and initiate remedial action through the concerned agencies for ensuring equitable distribution of items of mass consumption at fair prices. This body will consist of representatives of consumer organisations, trade unions, industry and trade and concerned government departments.

It is hoped that NCPC will become a nerve centre of the consumer movement in the country and in nursing its growth, the experience of existing organisations will have to be drawn upon. Basically the consumer movement has to be a people's movement. It should be divested of politics and should be broad-based. The consumer movement must spread to weaker sections of the society and the rural areas. It is in these areas where there is greater need for protecting the interests of the consumers.

One of the most important areas of development for the next decade would be consumer

education. Consumer education broadly means identification of the consumer needs and to enable him to choose wisely to get the best value for his money. Such education will help consumers to discern what to buy, how to buy—to complain and to seek redress for their grievances. Consumer consciousness has to be created among the consumers through consumer education so that they become assertive about their rights to safety, choice, fair price, correct weight/measures, standards and specifications. Apart from making consumer education a part of the syllabi, it would be necessary to devise means to impart consumer education to the society at large. For this purpose, the media of exhibitions, press, radio and T.V. will have to be utilised.

As a part of consumer education, an information system has to be built up so that people belonging to different income groups know what basket of goods they should consume in order to keep themselves healthy and at the same time have the best bargain for the money they spend in purchasing these goods. On account of intensive and extensive advertising, people are carried away to go in for processed foods which may be just an amalgam of a few foodstuffs put together but then it means that people have to pay twice or thrice the price that they would otherwise pay for the constituents of these processed foods. How many people in this country really know the proper value of a large number of cheap foodstuffs available in the country? Lack of knowledge about nutrition of different foodstuffs is a real problem. So is the one related to balanced diets. Regarding the widespread use of baby food for the infants, it has been proved beyond doubt that for physical and mental growth of children there is no substitute for human milk i.e., breast feeding. But under the streamroller advertising campaigns people are carried away and pay high price to feed babies with branded babyfoods. It is this type of information that has to be developed and disseminated among people so that they are able to make best use of their money.

POTENTIALITIES AND LIMITATIONS OF COOPERATIVES FOR INTEGRATED RURAL DEVELOPMENT

P. R. Dubhashi

A New Approach

ONCE again attention has come to be focussed on the concept of integrated rural development. The first attempt after Independence towards integrated rural development was made with the advent of the community development programme which aimed at giving 'the right to live' to the rural people. When it was felt that the community development programme had failed to sufficiently boost agricultural production, a fresh attempt was made through the Intensive Agricultural Development Programme and the Intensive Agricultural Area Programme. While the community development programme attempted to deal with all aspects of rural development, the IADP and IAAP concentrated on agricultural development as the key to rural development. One of the special aspects of the IADP approach, was the concentration of the 'Package of practices and services' on those areas and farmers who could respond to most of this package. It was however soon realised that while this gave a glimpse of the green revolution to the prosperous farmers and areas, the small farmer, the marginal farmer, the agricultural farmer and drought affected areas were left high and dry, looked like a ready potential areas for the red revolution. Special programmes were, therefore, introduced through the Small Farmers Development Agency, Marginal Farmer and Agricultural Labour Agency and Drought Prone Area Programme Agency to deal with these vulnerable but neglected sectors and sections of the rural economy.

The SFDA and DPAP approach is also integrated. In the SFDA area, an attempt is made to broaden the base of the economy of the small and marginal farmers through joint investment and mixed farming. While community irrigation wells, community fencing and customs service centres are examples of joint investment; dairy development, bee-keeping, poultry farming etc., are examples of the mixed farming introduced by the SFDA. In the DPAP areas an attempt is made to conserve and develop soil and water resources in such a manner as to restore the ecological balance in the drought prone areas. Soil conservation, dry land farming, farms ponds, afforestation, erection of green belts to prevent wind erosion, horticulture, sericulture, dairy development, sheep development are all the constituent parts of the integrated DPAP approach. Finally, after the session of the Indian Science Congress at Vishakhapatnam in 1975, the scientists have also left the ivory tower of their research laboratories to undertake the task of integrated rural development programme in selected areas. Here the scientists would assess the natural resources of an area and bring to bear the latest results of science and technology to harness these natural resources for integrated rural development. The result of this new approach have yet to be available.

Components of Rural Development

From all these experimentations of rural development in our country since the attainment of independence, it has become obvious that the

rural development has to be multi-sectoral and since the various components of rural development are inter-related an integrated approach is inevitable. The various components of rural development could be identified as follows :—

- (1) Agriculture proper, that is, cultivation of various crops including wet crops like paddy and sugarcane; dry crops like sorgham and other millets and wheat; commercial crops like cotton and oilseeds etc.
- (2) Agro services including supply of inputs and agricultural credit, storage and marketing.
- (3) Agro industrialisation :
 - (a) connected with agro-processing e.g. rice-mills, flour-mills, oil-mills, cotton ginning and pressing units, sugarcane factories etc.
 - (b) connected with agro-inputs e.g. units to produce agricultural implements, plant protection material, insecticides etc.
- (4) Allied agricultural activities including horticulture, dairy development, sericulture etc.
- (5) Economic over-heads for agricultural development, namely irrigation (irrigation includes wells, lift irrigation projects and minor, medium and major irrigation projects taken up by the Government), rural electrification and rural communication.
- (6) Social over-head for the development of rural community including educational and health facilities and housing.
- (7) Agrarian relationship which are being restructured through land reforms.
- (8) Village industry including Khadi and other traditional industries, Handicrafts and Handlooms.

(9) Distribution of consumer goods among the rural people, and

(10) Re-constituting the rural institutions like panchayats, panchayat samithis, youth clubs, mahila mandals etc.

The activities in all the ten sectors have to be developed in an integrated manner. Indeed each of the sectors itself has to be an integrated web of activities.

Integrated Agency for Implementation

Can we devise an integrated agency for handling such multi-sectoral programme of integrated rural development? If there has been one agency which has been considered as potentially capable of handling all these programmes in an integrated manner it is the cooperative agency. Cooperatives can provide a suitable organisation for small individuals who require conjoint services in all the first nine sectors or components of rural development identified above. While the principles of cooperative federalism enable the vertical integration of development activities at all the tiers including the village, the taluka, the district and the national levels, the principles of cooperation amongst cooperatives enable the horizontal inter-linking of the various sectors of the rural economy.

Thus the cooperative organisation in principle has all the potential for acting as the agency for integrated rural development. The question that we have to consider is the extent to which these potentialities have been realised in practice and if they are not so realised, find out the constraints and limitations of the cooperatives which have shown up in the past and take necessary steps for over-coming these constraints and limitations.

Role of Cooperatives

Cooperatives have been accorded a place of central importance in the rural development programme of our country ever since the attainment of independence and the advent of planning for economic development of which rural development formed a significant part.

The blueprint in the role of cooperative institutions in rural development was chalked out in the shape of an integrated scheme by the Rural Credit Survey Committee Report in 1954. According to the integrated scheme, the primary cooperative credit societies at the village level were entrusted with responsibility of the supply of short-term and medium-term credit. These were affiliated to the district banks who in turn were members of the State Cooperative Bank and who in turn got re-imbursement from the Reserve Bank of India.

The responsibility for long-term credit was entrusted to the Primary Land Development Banks at the taluka level who in turn were affiliated to the State Cooperative Land Development Bank who got re-finance from the Agriculture Refinance and Development Corporation.

The short-term credit was to be linked up with supply of agricultural inputs and marketing. The responsibility for these two latter functions was entrusted to the Taluka Marketing Societies, which in turn were to be linked up with the State Marketing Federation affiliated to the National Agricultural Marketing Federation. The National Cooperative Development Corporation was established to support marketing and processing activities.

Limitations

How far has the scheme been successfully implemented? In general manner it can be said that there has been an enormous increase in the distribution of agricultural credit as also in the coverage of the farming families and villages. However, the following limitations have been observed :

- (1) There has not been a scientific formulation of the scale of finance for various crops. The devices like Field Workers Conferences have not been quite successful.
- (2) Proper arrangement for the supply of credit in kind in the shape of seeds and fertilizers and insecticides have not been made.

- (3) Some Primary Cooperative Credit Societies and Primary Land Development Banks have been defunct either because of misappropriation, mismanagement or the effect of scarcity. This has choked off the flow of finance for agriculture.
- (4) In some societies the progress towards universal memberships was not encouraging because of the dominance of the vested interests, who come in the way of the principle of 'open membership'.
- (5) Also as a result of the activities of the vested interests, small and marginal farmers have not received proportionate finance.
- (6) The societies do not have competent management and are not viable.
- (7) Short-term, medium-term and long-term credits are not properly linked up.
- (8) The cooperative credit institutions have not been able to develop proper supervision nor they have extended the necessary extension and advisory services.
- (9) There is no proper linkage between credit and marketing. As a result an integrated system of rural development has not been set-up.
- (10) The financing of the functional, labour construction and industrial cooperatives has been neglected.

It is because of these deficiencies in the role of cooperatives as credit agencies that the Government thought it necessary to introduce either new types of cooperative agencies or alternative agencies for rural credit. The new type of cooperative agencies are called Farmer's Service Societies. They are of large size, cater to all types of agricultural credit, short-term, medium-term and long-term, allied agricultural activities and marketing—in an integrated manner and their membership consists in the

main of small and marginal farmers. The alternative credit agencies include :

- (1) Branches of the commercial banks.
- (2) Grameen banks

The experiment was also tried on linking up Primary Credit Institutions with the commercial banks. The outcome of all these experiments is yet to be fully assessed.

Specialised Programmes

As years passed by and experience was gained in the process of rural development it was found necessary to develop specialised and sophisticated programmes on the foundation of the general programmes already laid down. Among these specialised programmes may be mentioned the following :

- (1) Small and Marginal Farmers and Agricultural Labourers Agencies.
- (2) Drought Prone Area Programme.
- (3) Command Area Development Programme.
- (4) Rural Electrification Programme.
- (5) Twenty-point Programme.

Cooperatives were envisaged as important agencies for the attainment of the objectives of these programmes.

Thus the S.F.D.A. and M.F.A.L. Programme is basically cooperative in character which envisages that the small and marginal farmers and agricultural labourers would be identified and made members of cooperatives and the line of credit would be opened to them. They would also be assisted to make joint investments through programmes like custom service unit, community wells, etc. In all these project areas substantial progress has been achieved in the enrolment of small and marginal farmers and agricultural labourers as members of cooperatives though cent-per-cent success might not have

been attained. The line of credit has also opened to them as a consequence of this enrolment. Twentyfive per cent of the credit to the small farmers and 33 per cent of marginal farmers and agricultural labourers has been subsidised by the agencies. Supplementary occupations like dairy have also been made available to the small and marginal farmers and agricultural labourers. Milk cooperatives of small dairy farmers have also been established. For marketing purposes, they are linked up with the dairies in the cities. Unfortunately due to the insistence of the Reserve Bank of India the primary cooperative credit society will be the only channel of lending by Cooperative Farming Agencies, the milk cooperatives have not been able to borrow the credit needs of their members. While the services rendered by cooperatives to their members are good as far as they go, it is not clear whether the small farmers, the marginal farmers and the agricultural labourers have become viable on a permanent basis. A more definitive evaluation is required to come to any precise conclusion. Also the process of making small farmers viable is likely to take longer time than the project period of say five years.

The Drought Prone Area Programme also accords an important place to the cooperatives, more especially to the functional cooperatives. The Drought Prone Area Programme envisages cooperatives of dairy farmers, shepherds, fishermen and silkworm rearers, etc. A new type of functional cooperative of shepherds is envisaged, in which the share capital would be in the form of sheep. The sheep coming as a share capital would be pooled and looked after by the cooperatives. All these are very promising lines of cooperative development but they have all yet to be developed fully. For example, the dairy development programme depends on proper arrangements for the pooling, transport, chilling and sale of milk. The sheep cooperatives have to arrange for timely clipping of wool, its grading, its processing into products like blankets and the sale of these products. The same also applies to other functional cooperatives. Also, the technical problem of improving the breeding of buffaloes, cows and sheep etc. has to be solved satisfactorily. The functional cooperatives

at the village level must have a strong district organisation linked up in turn with institutions like a dairy. All this requires sustained work and higher management standard.

Special cooperative institutions are also required for Command Area Development. Irrigation development cannot be achieved without levelling of lands in a rapid manner. The Land Development Banks have been entrusted with the responsibility for financing land levelling. However, for one reason or another, the limitations of Land Development Banking Agencies have showed up. These are :

- (1) Some Primary Land Development Banks are not eligible for getting finance from the apex bank.
- (2) Some cultivators of land like the cultivators of the inam lands or tenants or those who are cultivating lands on a temporary basis have not been able to get credit from the Land Development Banks.
- (3) The procedure for financing has been found to be dilatory.

Apart from financing, the cooperative have also to play the role in the physical task of land levelling. Here a special cooperative called the Tractor Cooperative Society has to play a dynamic role. Unfortunately the Tractor Cooperatives have not been very successful either in getting a large number of tractors or using them fully and running them in economic manner. However the Land Development Bank and the Tractor Cooperatives can effectively, extensively and expeditiously complete the task of levelling by supplementing each others' activities. But this again requires a proper standard of management.

For the difficult task of water management in command areas, a new type of water cooperatives for each outlet have been established in Kadane Command area in Gujarat. If this experiment succeeds, the water cooperatives could be replicated in other command areas of the country.

An imaginative attempt to arrange retail distribution of electricity through cooperatives was attempted in six selected projects in the country. Apparently only one of them viz., Hukkeri in Belgaum district in Karnataka succeeded ; others did not and hence the experiment of electric cooperatives was not extended to additional areas.

In the 20-Point Programme a number of items relate to rural development ; they are :—

- (1) Procurement of foodgrains required for public distribution system in order to hold the price-line.
- (2) Supply of credit to the small and marginal farmers.
- (3) Land reforms making cultivators the owner of the land.
- (4) Liquidation of rural debt incurred by small and marginal farmers and weaker sections of the community.
- (5) Abolition of bonded labour.

Cooperatives have the main responsibility for implementing these programmes.

As regards the first programme of holding the price-line, cooperatives have to procure the foodgrains as agencies of the Food Corporation. They also act as the sale points or the Fair Price Shops for supply of foodgrains and other essential commodities like controlled cloth to the masses. Cooperatives have played the role fairly well though some are found fault with for not lifting the foodgrains on time. In turn the cooperatives complain of lack of adequate finance.

As regards the small and marginal farmers, what has been done in the S.F.D.A. and M.F.A.L. areas is sought to be replicated elsewhere under the 20-Point Programme. Here again substantial progress has been achieved in the enrolment of small and marginal farmers in the cooperatives. Newly established farmers' service societies are specially intended to enroll small and marginal

farmers and provide them with integrated finance.

Role of Land Development Banks

The Land Development Banks have been given the role of financing the tenants who become the owners of land. The Primary Land Development Banks finance the erstwhile tenants to enable them to pay compensation to the erstwhile landlords. Also the liberated tenants have to be financed by the Primary Cooperative Credit Societies for agricultural operations, since the source of finance from the landlord has been eliminated. Similarly the abolition of rural indebtedness has created a vacuum in rural lending due to the choking off, of the sources of private lending. In order to enable the cooperatives to

fill the gap they have to provide not only production lending but also consumption lending which they are now undertaking. The cooperatives have also to provide financial support to the liberated bonded labour. In order to remove the difficulties of the Land Development Banks in financing these new categories, a fundamental change has recently been made which has removed the condition that mortgages on land should constitute the security for receiving finance from the Land Development Banks.

All in all, the cooperatives have positively responded to the challenges and tasks of the 20-Point Programme. However, the work to be done is of an enormous magnitude and cooperatives have to strive continuously towards higher standards of efficiency.

Work for a better tomorrow—for yourself as well as for the country.

REVISED SCHEME BY NCDC FOR ESTABLISHMENT OF AGRO SERVICE CENTRES

IN the context of the increasing trend towards mechanisation of agriculture, particularly in areas with assured irrigation facilities as in Command areas and the high cost of maintenance of bullocks, the Corporation had formulated in 1968-69 a scheme, on a pilot basis, for assisting the establishment of agro-service-centres by selected cooperatives. The scheme was mainly intended to provide custom hiring facilities for tractors and other agricultural machinery to the small farmers and also to provide service-cum-repair facilities for tractors, etc. Under this Pilot scheme, about 60 centres had been established in various states. In a large number of cases, these centres had been established by independent cooperatives formed for the purpose and in a few cases by the state marketing federations. The scheme also envisaged establishment of both agro-custom hiring centre and service-cum-repair workshop at the same time by each society.

Experience in implementing the scheme showed certain limitations in the working of the agro-service-centres. In the context of steep increase in prices of tractors and other machinery and equipment as well as construction costs in recent years, the quantum of assistance provided under the scheme was found to be inadequate and there have been requests for enhancement of the quantum of assistance. Further, the scheme envisaged establishment of both custom hiring and service-cum-repair facilities at the same centre. Since such centres were largely established at district/tehsil/block levels, with large areas of operation, custom-hiring facilities involved movement of tractors, etc., over long distances which was un-economic. Supervision also became difficult. Often, there was not much demand for service-cum-repair facilities. Since the scheme had been

in operation for a sufficiently long period, it was considered necessary to evaluate the working of the Centres already established so as to identify their weaknesses before enlarging the scope of the scheme. Accordingly, the Vaikunth Mehta National Institute of Cooperative Management, Poona was requested to undertake an evaluation study of the cooperative agro-service-centres already established, with particular reference to the fulfilment of the objectives of the scheme, financial results of the working of the centres, their economic viability and areas of weaknesses and the measures necessary to correct them and to bring about improvement in their functioning and operations. Simultaneously, the technical experts of the Union Ministry of Agriculture and Irrigation were also consulted.

The studies revealed that independent agro-service-cooperatives, which have been organised in many of the states, have not been able to function satisfactorily and in a number of cases, they were not economically viable. It was suggested that while the service-cum-repair workshops could be established at central places like the block/tehsil/district levels, custom-hiring centres could, with advantage, be entrusted to the existing good working primary agricultural service societies. This would enable not only effective supervision and utilisation of the tractors and other agricultural machinery over compact areas, but also avoid long distance movement of the tractors, etc. The expenditure on overheads will also be minimal as no additional supervisory, etc., staff would be needed. It was also proposed that while the custom-hiring centres could generally be entrusted to the selected good working primary agricultural service societies, the service-cum-repair workshops might be established by the existing marketing, processing and other

cooperatives at a central place in a town which is frequently visited by farmers. The study also revealed that while preparing feasibility and project reports for agro-service-cum-repair workshops, the data relating to the number of tractors and agricultural machinery available in the areas, existing repair, etc. facilities, had not been assessed and verified properly in the past.

It was also suggested that since the utilisation of tractors on village etc. operations is limited for a few months only in a year, efforts should be made to utilise the tractors and equipment by undertaking bunding and land-shaping work for soil conservation besides deep ploughing and sub-soiling for land reclamation and also for transportation. Apart from tractors, the centres might provide custom hiring facilities for power tillers, diesel engine driven pump-sets, knap-sack sprayers-cum-dusters, threshers, chaff-cutters, etc. depending on needs of each area.

In the light of the studies and the suggestions of the Ministry of Agriculture and Irrigation, the Corporation has since revised the scheme for establishment of agro-custom hiring centres and service-cum-repair workshops. Under the revised scheme, selected good working and financially sound primary agricultural service cooperative societies (including Farmers Service Societies and Large-sized Agricultural Multi-purpose Cooperative Societies, cooperative rural banks/agricultural banks) will be assisted for establishment of custom hiring centres for tractors with allied equipment and other agricultural machinery such as power tillers, power sprayers-cum dusters, diesel engine driven pump-sets, threshers, chaff-cutters, etc. While existing marketing-cum-processing, etc. societies in areas with an established demand for such services would be assisted for setting up of service-cum-repair workshops.

Custom Hiring Centres

A minimum of two tractors with allied equipment and machinery as per local needs may be provided for each primary service society selected. Two tractors are proposed so as to ensure continuity of custom services even in case of break-down of one of the tractors. In the

case of bigger societies with a large area of operation, more than two tractors with allied equipment could be considered, if justified. Depending on needs of each area, other equipment such as power tillers, power sprayers-cum-dusters, diesel engine driven pumpsets, threshers, etc., may also be provided to the society for custom hiring. Tractor trailers could also be provided for transportation purposes wherever needed. No set pattern is proposed and the needs of each centre will have to be determined with reference to local needs and conditions. Likewise, the size and type of tractors, etc., should be based on the particular needs of the area taking into account the cropping pattern, soils and tillage practices adopted by the farmers of the area. It is, however, desirable to have standardisation of the tractors and other machinery and equipment, to facilitate inter-changeability of implements, low investments on spares and ease in repair and maintenance.

In areas where good working primary service societies (including FSS/LAMPS) are not available, a good working primary marketing/processing society or a regional or district marketing society may be selected to set up the custom hiring centre. In such cases, it should be ensured that the area of operation of the centre is confined generally to around 15 to 25 kms. radius so as to avoid long haulage of tractors and to ensure close supervision. Where, however, a primary or district society is not available or forthcoming, the State Marketing Federation could be assisted for establishment of the custom hiring centres covering compact areas. Likewise, in the Command Area Projects as well in newly irrigated areas, where considerable land reclamation and improvement work is needed, requiring use of large number of tractors and bulldozers, etc., the State Marketing Federations could be assisted to establish large sized custom hiring centres with reference to needs of the area concerned.

While selecting the primary service societies for establishment of custom hiring centres, the following criteria may be adopted :

- (a) Societies selected should be financially

sound with good coverage of small farmers and have audit classification 'A'. If sufficient number of suitable primary societies with 'A' audit classification is not available in the area, societies with 'B' audit classification, which are otherwise financially sound and with good management, may also be considered. They should have been identified for retention under the scheme for reorganisation of primary agricultural credit societies.

- (b) Only societies in irrigated areas with multiple cropping may be selected. Preference will be given to areas under Command Area Development Schemes or where new irrigation facilities are coming up. As far as possible, areas covered by SFDA/MFAL Projects should be preferred. Availability of satisfactory service and repair facilities

within a reasonable distance should also be taken into account.

- (c) The primary service society selected should have a wholetime paid and trained manager and it should already be undertaking distribution of agricultural inputs in the area.
- (d) Societies, in whose areas the number of small or marginal farmers is large and also where adequate facilities for tractor hiring, etc. services are not available, may be given preference.

As the quantum of assistance needed for each centre would vary with reference to the type of machinery, etc., no set ceiling for assistance is proposed. The Corporation will consider each case on merits. The following pattern of assistance will be adopted for providing assistance for establishment of custom hiring centres :—

- (a) To be set up by primary agricultural service societies (Including Farmers Service Societies and LAMPS).

The Corporation will provide 100 per cent of the total cost of establishment of custom hiring centres (including cost of tractors with allied equipment and machinery and construction of a shed) in the form of term-loan repayable in seven years with a moratorium for one year.

- (b) To be set up by marketing and processing societies (including district and state level federations).

The Corporation will provide 80 per cent of the total cost in the form of term-loan repayable in seven years with a moratorium for one year. The balance of 20 per cent is to be met by the society and/or the State Government concerned.

Service-Cum-Repair Workshops

Assistance for establishment of service-cum-repair workshops for tractors and other agricultural machinery will be provided only for existing well-established marketing and processing or other societies including federations. No new society organised only for the purpose will be encouraged. The following criteria may be adopted in the selection of societies for the purpose.

- (i) Establishment of service-cum-repair workshops should be encouraged only in areas with an established demand for such services after proper survey. The workshop should preferably be selected at a central place like block/tehsil/district headquarters which is frequently visited by the farmers. It has been estimated that a Centre to be viable it should have a minimum coverage of about 300 tractors or equivalent

number of other agricultural machinery like power tillers, sprayers, diesel engines, pumpsets, etc. A careful verification of the tractor machinery population may be arranged to be made through the Block Development and Agricultural Extension, etc. staff before proposing any centre.

- (ii) The existing well-established good working marketing and processing or other cooperatives only should be encouraged to establish the centres. No new society organised only for the purpose will be encouraged.
- (iii) The Centre is expected to provide, among others, the following services :—
 - (1) Service and repair facilities for tractors and other agricultural machinery.
 - (2) Supply of spare parts for tractors and other agricultural machinery.
 - (3) Supply of diesel, oil and other lubricants required by the farmers and other custom hiring centres. Kerosene may also be supplied by such centres.

The block cost of each service-cum-repair centre will vary with reference to the size of the workshop and the nature of services to be rendered. The following pattern of assistance will be adopted for assisting the establishment of agro service-cum-repair workshops :—

The Corporation will provide 80 per cent of the total cost including worksheds, machinery, equipment, spares, margin money, etc., in the form of term-loan for 10 years with a moratorium for the first two years to provide for the time taken for establishment and the gestation period. The balance of 20 per cent will be provided by the society and/or the state government.

In both the cases of custom-hiring and service-cum-repair centres, the NCDC's assistance will be channelised through the state

government or cooperative banks on the guarantee of the state government. This would be decided by the state government.

No subsidy will be provided either for custom hiring centres or for service-cum-repair workshops as these are to be allotted to existing financially sound societies and the centres are expected to be viable by themselves, particularly since no additional large administrative and supervisory staff will be required by such societies.

Procedure of Release of Assistance

On receipt of the proposals from the state government, the Corporation, after considering the projects, will, in the first instance, communicate its administrative approval and the quantum of loan assistance admissible. In both the cases, i.e., custom hiring centres and service-cum-repair workshops, the release of assistance will be in the form of reimbursement.

The assistance in respect of custom hiring centres will be released after the society selected, had acquired the site for the tractor-shed, placed orders for tractors and other machinery and equipment and intimation regarding availability for supply is received from the suppliers.

In case of service-cum-repair workshops, the assistance will be released in two instalments. The first instalment of 50 per cent of the sanctioned assistance will be provided after the society had acquired the site and arranged for the balance 20 per cent of the cost and the second instalment of 50 per cent after the building reach the plinth level and firm orders are placed for the machinery and equipment.

To begin with, it is proposed to assist, on a pilot basis, about 100 custom hiring centres 20 service-cum-repair centres on a selective basis and watch their working before expanding the scheme.

The state governments are expected to select suitable good working societies for establishment of custom hiring centres and service-cum-repair workshops after careful appraisal of the needs of

the area concerned and draw up project reports in consultation with the State Agriculture/Agricultural Engineering/Agricultural Extension Departments. Comprehensive project reports have to be prepared for each centre separately with reference to local needs which should cover among others, (i) the membership, coverage, business operations of the society, its working results (along with copies of latest balance sheets, profit and loss accounts), and its management, (ii) total area under cultivation irrigated or rain-fed, crop-

ping patterns, (iii) extent of small farmers and average holdings, (iv) existing facilities, extent of utilisation of equipment by farmers and rates charged, (v) nature and types of services in demand and proposed to be rendered and area to be served by the centre, (vi) location and justification therefore, (vii) availability of land, (viii) availability of trained technical personnel, and (ix) economics of the centre with statement of estimated income and expenditure and net-surplus, etc.

Freedom is not a licence to destroy.

NCDC AND COOPERATIVES IN PUNJAB

R. D. Joshi & P. N. Bahl

THE total population of Punjab as per 1971 census stood at 135.51 lakhs. With the average annual rate of increase in population then computed at 2.17 per cent, the population increased to 148.03 lakhs in 1974-75. The rural population in the state in 1971 stood at 103.35 lakhs which constituted 76.3 per cent of the total population. The projections for 1974-75 put the rural population figure at 111.82 lakhs. The percentage of agricultural workers in Punjab has witnessed an increase from 55.89 per cent in 1961 to 62.67 per cent in 1971. In terms of members, the agricultural workers in 1971 were around 24.51 lakhs. The geographical area of Punjab stood at 50.38 lakh hectares in 1971 out of which net area sown in 1974-75 was 40.92 lakh hectares. The cultivable area in 1970-71 was 42.84 lakh hectares, which constituted about 2.2 per cent of the cultivable area in India. As a result of increasing pressure of population and greater dependence on agriculture as a means of subsistence, the cultivable area for an agricultural worker has registered a sharp decline from 2.23 hectares in 1961 to 1.75 hectares in 1971. The net irrigated area in Punjab in 1974-75 stood at 31.83 lakh hectares, which constituted 78 per cent of the net area sown in Punjab. The percentage of net area irrigated to net area sown in Punjab continues to be the highest in India. The percentage of cropping intensity has increased from 133.6 in 1966-67 to 144.3 in 1974-75. The percentage of land-holdings by size in 1970-71 was as under :

(Hectares)			
Size	Percentage to total	Size	Percentage to total
Below 0.5	22.54	5-10	12.27
0.5-1	15.09	10-20	4.25
1-2	18.91	20-30	0.55
2-3	12.35	30-40	0.13
3-4	8.09	40-50	0.05
4-5	5.75	50 and above	0.02

Towards Self-Sustained Economic Growth

Against the back-drop of general information given above, the state of the cooperative movement in so far as it touches the farm sector is as follows :

There are 12188 inhabited villages in the State with a population of 111.82 lakhs. The primary cooperatives of farmers like service societies, marketing and processing societies and land mortgage banks cover all the inhabited villages. These cooperatives have a membership of about 16 lakhs, which, on the basis of an average family of 5 persons, accounts for a coverage of over 71 per cent of the farming families.

The cooperative movement in Punjab is currently attuned to achieving a self-sustained economic growth of its developing rural economy. No wonder, therefore, it turns with increasing avidity to information, sources and resources available, both inside the state and outside it, for their utilisation to the optimum for achieving the goal set before it.

Presently, concerted attention is being given by the state government to such vital features as savings, capital accretion and investment, agricultural production, marketing, processing, supply of agricultural inputs and storage programmes for securing a vibrant economic growth in the rural economy on a self-generating and self-sustaining basis. For achieving, however, a total success, the importance of inducting professional management in the cooperative enterprises has been fully recognised and appreciated at official and non-official levels. The state government stands clearly committed to follow such central government directions as may be issued by them in pursuance of the recommendations of the high-powered Expert Committee on Professional Management set up by it.

Savings, Capital Accretion & Investment

The cooperative movement is making emphatic and impressive strides in the matter of mopping up rural savings for their eventual canalisation in agricultural production activities. The aggregate deposits of the apex bank, the

central cooperative banks and agricultural service societies have shot-up from Rs. 7,179 lakhs in 1970-71 to Rs. 12,979 lakhs during 1974-75. The year-wise and institution-wise break-up of deposits is given below :

Deposits

(Rs. in lakhs)

Year	No. (1) Apex Bank	Central Cooperative Banks	Service Societies	Total
1970-71	1517	3875	1787	7179
1971-72	2297	4630	2035	8962
1972-73	2598	5094	2050	9742
1973-74	3356	5783	2096	11235
1974-75	3808	6903	2268	12979

Owned Funds

The owned funds of cooperatives, which have direct relevance to farm sector, have increased from Rs. 65.48 lakhs in 1970-71 to Rs. 9699 lakhs in 1974-75. A detailed year-wise and institution-wise break-up of owned funds of these institutions is given below :

(Rs. in lakhs)

Year	Apex Bank	Central Cooperative Banks	Service Societies	State Land Mortgage Bank	Primary Land Mortgage Banks	Markfed	District Wholesale Societies	Marketing Processing Societies	Sugar Mills	Total
1970-71	682	1670	1856	292	378	242	61	294	573	6548
1971-72	759	1864	2056	325	460	916	64	332	613	7119
1972-73	838	2068	2298	370	588	1005	64	386	651	8268
1973-74	922	2252	2525	391	771	812	64	418	693	8848
1974-75	1008	2651	2769	400	740	836	67	436	792	9699

It may be pertinently mentioned here that the owned funds amounting to Rs. 9699 lakhs (1974-75) included *inter-alia*, Rs. 5301 lakhs as share-capital out of which Rs. 1130 lakhs is government contribution in the form of share capital.

The aggregate working capital of the various sets of institutions affecting the farm sector has shot-up from Rs. 40,872 lakhs in 1970-71 to Rs. 66,712 lakhs in 1974-75 as per the year-wise and institution-wise break-up :

(Rs. in lakhs)										
Year	Apex Bank	Central Cooperative Banks	Service Societies	State Land Mortgage Bank	Primary Land Mortgage Banks	Markfed	D.W.S.	Marketing & Processing Societies	Sugar Mills	Total
1970-71	3900	7685	7650	5700	5127	7479	7479	1514	1225	40872
1971-72	4429	8483	8319	6963	5719	11290	617	1834	1060	48714
1972-73	5036	9506	9273	8331	7323	8719	740	1955	1184	52067
1973-74	5297	10145	9417	9015	7240	9823	836	2126	1090	54989
1974-75	6271	11598	10336	10074	6886	15281	1823	2745	1708	66712

Concessional Credit

(Rs. in lakhs)

Loans, short-term, medium-term and long-term at concessional rates of interest, have been advanced to the farmer members of the agricultural service societies and the primary land mortgage banks with a view to boosting their farm means and agricultural production in the state. The aggregate loaning of these sets of cooperatives to their members has significantly increased from Rs. 7684 lakhs in 1970-71 to Rs. 9418 lakhs in 1974-75. The year-wise break-up of advancement of agricultural loans by service cooperatives and the primary land mortgage banks, which respectively provide short and medium-term loans and long-term loans, is given below :

Year	Service Societies	Primary Land Mortgage Banks	Total
1970-71	5727	1957	7684
1971-72	6139	1520	7659
1972-73	6202	1627	7829
1973-74	5902	1584	7486
1974-75	7818	1600	9418
Total :	31788	8288	40076

To sum up, credit for farm operations to the extent of Rs. 40076 lakhs has been given through the cooperatives since 1970-71 to 1974-75 .

Impact on Rural Economy

As a result of cooperative effort, an appre-

ciable level of *mechanisation* of agriculture stands achieved in the state. Out of a total number of 50,000 tractors in the state in 1974-75, 12,263 tractors were financed by the cooperatives. Likewise, out of a total of 4.50 lakh tube-wells in the state during 1974-75, 1.25 lakh tube-wells were financed by the cooperatives.

In the matter of supply of chemical fertilizers, cooperatives have played a unique role. The share of cooperative distribution of fertilizers out of the total for the state has been as follows :

(NPK in m. tonnes)

Year	(1) Total sale by cooperatives	(2) Total sale in the State	Percentage of (1) to (2)
1970-71	8,50,205	10,82,000	78.58
1971-72	10,32,762	14,72,000	70.16
1972-73	11,45,842	16,41,000	69.83
1973-74	10,59,617	15,54,000	68.19
1974-75	7,37,328	12,29,000	60.00
1975-76	9,43,168	14,99,000	62.92

The position of sale of fertilizers by co-operatives in terms of value, both in cash and in kind, is shown below :

(Rs. in lakhs)

Year	Cash sales	Kind sales (B Component)	Total
1970-71	679	2830	3509
1971-72	675	3492	4167
1972-73	910	3860	4770
1973-74	552	4086	4638
1974-75	500	6059	6559
1975-76	1561	6311	7872
Total :	4877	26638	31515

The sale of fertilizers in kind form has been stepping up year by year with the object of ensuring proper utilisation of credit facilities extended to farmer-members of cooperatives. In terms of money value, the consumption of fertilizers through cooperatives has gone up from Rs. 3509 lakhs in 1970-71 to Rs. 7822 lakhs in 1975-76. Thus the cooperatives have supplied fertilizers valuing Rs. 31515 lakhs from 1970-71 to 1975-76 and helped achieve higher agricultural production in the state. The NCDC have made a distinctive contribution by providing Rs. 50

lakhs as margin money to Markfed in 1975-76 for arranging procurement and distribution of fertilizers in the state.

Agricultural Output

As a result of the massive cooperative effort in the state, agricultural production and productivity for the state as a whole has generally shot up sizeably. A summation of production of important crops together with their per hectare yield is given hereunder :

(P) : Production : In thousand metric tonnes.
(Y) : Yield per Hectare : In Kgs.

Sl. No.	Crop	1970-71		1974-75	
		(P)	(Y)	(P)	(Y)
1.	Wheat	5145	2238	5284	2395
2.	Rice	688	1765	1178	2071
3.	Maize	861	1555	901	1723
4.	Gram	284	797	219	819
5.	Potato	216	12752	451	15559
6.	Sugarcane	527	4117	605	4997
7.	Groundnut	169	970	141	861

Price-Support and Procurement

The cooperatives have continued to serve as effective instruments in the price-support operations by undertaking procurement of foodgrains on a massive scale for the national food kitty. In the matter of procurement of wheat, the major crops, three main agencies have been operating in the state since 1970-71 to 1976-77. These are the Markfed, the State Food Depart-

ment and the Food Corporation of India. The Markfed has been making procurement exclusively through marketing cooperatives, and the marketing cooperatives have, in addition, been making procurement for and on behalf of the State Food Department and the F.C.I. A statement showing the total procurement of wheat by various agencies in the state and the share of cooperatives in the same from 1970-71 onwards is given below :

(In lakh tonnes)

Year	Total procurement in Punjab	Out of which, procurement by cooperatives	Remarks
1970-71	23.58	7.02	‘A’ { Data for procurement by Food Department and FCI through marketing cooperatives is not available; hence not included.
1971-72	29.41	8.63	
1972-73	31.83	31.83	Data for procurement by Food Department through Marketing Cooperatives is not available; hence not included.
1973-74	27.07	6.00	As at ‘A’ above.
1974-75	15.50	4.95	—do—
1975-76	19.02	7.55	—do—
1976-77	23.68	11.67	

NCDC's Assistance for Storage Capacity

With large-scale operations of agricultural marketing, procurement of foodgrains and supply of agricultural inputs, mainly chemical fertilizers undertaken by cooperatives at various levels, the need for developing adequate storage facilities emerged in sharp focus. Accordingly, sizeable storage capacity was generated in the state with the financial assistance extended *inter-*

alia by the National Cooperative Development Corporation through the State Government. In addition to the storage capacity owned by the cooperative institutions with the assistance of NCDC etc., these cooperatives hired further needed storage accommodation for meeting their increasing business requirements. The number and extent of ‘owned’ and ‘hired’ storage accommodation available with the cooperatives is summed-up here-under :

(Capacity in hundred tonnes)
(00)

Year	Rural godowns which service societies owned				District Wholesale Societies			
	Owned		Hired		Owned		Hired	
	No.	Capacity	No.	Capacity	No.	Capacity	No.	Capacity
1970-71	1043	2459	2782	4155	40	138	84	140
1974-75	1541	3162	2672	3144	48	221	52	157

Year	Marketing Societies				Markfed			
	Owned		Hired		Owned		Hired	
	No.	Capacity	No.	Capacity	No.	Capacity	No.	Capacity
1970-71	386	1914	3567	3882	—	—	—	—
1974-75	465	2265	2138	779	476	4540	982	3250

From the table given above, it will be noticed that the number and capacity of OWNED GODOWNS has gone up from 1469 godowns with aggregate capacity of 4.51 lakh tonnes in 1970-71 to 2530 godowns with aggregate capacity of 10.19 lakh tonnes in 1974-75. Further, the capacity HIRED has slightly decreased from 8.17 lakh tonnes in 1970-71 to 7.33 lakh tonnes in 1974-75.

The cooperative storage programme in the Punjab stands assisted by the NCDC under the following schemes :

- Centrally aided State Plan Schemes;
- Centrally sponsored special development (Crash) programme;
- Central Sector Scheme for Cooperative Storage;
- Corporation sponsored scheme for Co-operative Storage;

Centrally Aided State Plan Scheme

Under the scheme, a programme for construction of 1247 rural and 105 Mandi level godowns was assisted in Punjab. Until 1967-68 the cooperatives were provided 75 per cent as loan and 25 per cent as subsidy which was later revised to 62½ per cent as loan and 37½ per cent as subsidy of which NCDC provided only 50 per cent as loan and 25 per cent as subsidy and the remaining amount was provided by the state government.

Centrally Sponsored Special Development (Crash) Programme

In order to augment the storage capacity of cooperatives for meeting their requirements for distribution of agricultural inputs and marketing of agriculture produce, the Government of India provided financial assistance for construction of rural and mandi level godowns. The Government of Punjab was provided Rs. 6.844 lakhs as loan and Rs. 2.281 lakhs as subsidy for construction of 107 rural and 18 mandi level godowns.

Central Sector Scheme for Cooperative Storage

Under this scheme, the Corporation have provided 62½ per cent of the cost of construction as loan and the state government provided 37½ per cent of the cost from its State Plan resources. During 1972 to 1974, when this scheme was in operation, the NCDC provided financial assistance for construction of 667 rural godowns in Punjab.

Corporation Sponsored Scheme for Cooperative Storage

During the Fifth Plan period, the NCDC is providing financial assistance to the extent of 62½ per cent of the cost of construction to the cooperatively developed states. During 1974-75 the NCDC have assisted the construction of 351 rural godowns in Punjab.

A statement showing the progress of cooperative storage programme in Punjab, as assisted by the NCDC, upto 30.6.76 is given below :

Name of scheme	No. of godowns assisted		No. of godowns completed		No. of godowns under construction		No. of godowns not taken up		No. of godowns dropped		Amount of financial assistance released	
	Rural	Mkg.	Rural	Mkg.	Rural	Mkg.	Rural	Mkg.	Rural	Mkg.	Loan	Subsidy
	(Rs. in lakhs)											
a) Centrally aided State Plan scheme upto 71-72	1247	105	1014	105	206	—	27	—	—	—	114.637	12.954
b) Centrally sponsored special development (Crash) Programme	107	18	90	15	—	—	—	—	17	3	6.844	2.281
c) Central Sector Scheme 72-74	667	—	270	—	343	—	31	—	23	—	83.334	—
d) Corporation sponsored scheme 74-75	351	—	129	—	169	—	42	—	11	—	33.940	—
75-76	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL	2372	123	1503	120	718	—	100	—	51	3	238.755	15.235

Regarding repayment of instalments of loans both by way of principal and interest in respect of godowns financed by the NCDC through the state government, relevant data is given below :

(Rs. in lakhs)				
Year ending as on	Principal due	Principal repaid	Interest due	Interest repaid
31.3.71	21.12	20.01	12.06	10.62
31.3.72	26.46	23.90	15.46	13.30
31.3.73	32.34	28.40	20.00	16.39
31.3.74	38.87	32.10	28.21	18.60
31.3.75	52.28	37.34	44.34	23.48
31.3.76	68.18	43.40	53.15	29.20

Steps are being taken to have the constructions completed at the earliest as the availability

of construction material has greatly improved now.

Leaving aside 4.54 lakh tonnes owned capacity with the Markfed created by it at a cost of Rs. 660.11 lakhs with the financial assistance received under the scheme of the Agricultural Refinance & Development Corporation, the remaining bulk of the owned storage capacity with the cooperatives at other levels has been set up with the financial assistance received from the National Cooperative Development Corporation and the erstwhile National Cooperative Development & Warehousing Board. It is evident that but for the dynamic programme of financial assistance from the NCDC, it would not have been possible for the agricultural cooperative movement in Punjab to undertake gigantic programmes of agricultural production leading to radical improvement in farm incomes and consequent living standards of people in rural areas.

Promotion of Processing Activities

The element of NCDC assistance has given a dynamic upward thrust and an added prestige to local cooperative effort by throwing open creative opportunities that are economically rewarding to farmers.

The position of NCDC-assisted projects in Punjab is as under :

1. Cold Storage at Jullundur

The Markfed has been assisted to set up a cold store at Jullundur with a capacity of 4000 tonnes. The total block cost is estimated at Rs. 18 lakhs against which the NCDC have sanctioned a loan of Rs. 12.60 lakhs. An amount of Rs. 11.96 lakhs stands awaited upto 31.3.1976. The plant is expected to be commissioned shortly.

2. Cotton Seed Processing-cum-Oil Mill, Giddarbaha

The Markfed has set-up a Cotton Seed Processing-cum-Oil Mill at Giddarbaha (Distt. Faridkot) with a capacity of 100 tonnes. The NCDC had sanctioned a loan of Rs. 39.40 lakhs against total estimated block cost of Rs. 56.30 lakhs for this unit. The entire loan amount sanctioned by the NCDC stands awaited during 1976-77. The mill has already gone into production.

3. Solvent Extraction-cum-Washing Unit at Giddarbaha

The NCDC have provided a loan of Rs. 36.40 lakhs against total block cost for the Unit reckoned by the Punjab at Rs. 52.00 lakhs. The amount sanctioned has since been availed of during 1976-77 and the plant has gone into production.

4. Groundnut Oil Complex at Kapurthala

- i) Oil Mill
- ii) Solvent Plant
- iii) Vegetable Oil Refinery Unit
- iv) Feed Mixing Unit

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The Oil Mill shall have a capacity of 56 tonnes of groundnut, the Solvent Plant has the veted capacity of 50 tonnes of oil and the refinery unit has a capacity of 10 tonnes per day of 24 hrs. The continued block cost of these units would be Rs. 129.51 lakhs against which the NCDC have sanctioned to Markfed an amount of Rs. 65 lakhs on 4.2.76. An amount of Rs. 25 lakhs already stands availed of from NCDC. The complex is coming up. It is scheduled to go into production in December, 1977.

Against estimated block-cost of Rs. 44.03 lakhs, the NCDC have sanctioned Rs. 28.62 lakhs as loan to Markfed on 20.3.76. No amount has as yet been availed of. The plant is expected to go into production in December, 1977.

5. Modern Rice Mill, Rajpura

The mill has a rated capacity of 4 tonnes of paddy milling per hour. The NCDC have sanctioned Rs. 14 lakhs as loan to Markfed against block cost of Rs. 20 lakhs of the mill. An amount of Rs. 11.44 lakhs has been availed of upto 31.3.76. The mill has since been commissioned.

6. **Modern Rice Mill, Patiala**

The Markfed has availed of so far only Rs. 5.876 lakhs out of sanctioned amount of Rs. 14 lakhs. The balance of the amount could not be availed of on account of some dispute of Markfed with suppliers of plant equipment.
7. **Granular Fertiizer Plant, Anandpur Sahib**

The Markfed has since set-up this plant with sanctioned loan assistance of Rs. 26.95 lakhs against Unit-block-cost of Rs. 38.50 lakhs. An amount of Rs. 22.05 lakhs against the loan sanctioned has since been availed of. The plant stands commissioned.
8. **Fruit/Vegetable Canning & Bottling Plant, Jullundur**

The Markfed has fully availed of Rs. 32.64 lakhs sanctioned as loan against block cost of unit reckoned at Rs. 54.40 lakhs. The plant has since been commissioned.
9. **Cotton Ginning and Pressing Factory at Goniana (Distt. Bhatinda)**

Against an estimated block cost of Rs. 21 lakhs for this Unit, the NCDC have sanctioned a loan of Rs. 13.65 lakhs on 23.7.76 only. No amount has so far been availed by the Markfed.
10. **Milk Complex at Fluid Milk Plant at Hoshiarpur**

The Cooperative Milk Union at Hoshiarpur has been assisted by the NCDC for setting up fluid milk plant at a block cost of Rs. 60.50 lakhs. The plant shall have a rated capacity of 60,000 litres of milk per day. The NCDC have sanctioned an amount of Rs. 58.63 lakhs out of which Rs. 45.10 lakhs has been availed upto 31.3.76. The plant has gone into production.
11. **Milk product Plant at Hoshiarpur**

The NCDC have assisted the Cooperative Milk Union, Hoshiarpur for setting up a milk products plant with a daily capacity of 50,000 litres of milk. Against estimated block cost of Rs. 123.50 lakhs the NCDC have sanctioned Rs. 102.73 lakhs out of which an amount of Rs. 44.40 lakhs stands already availed of. The plant is expected to go into production shortly.
12. **Milk Complex at Fluid Milk Plant at Jullundur**

The NCDC have sanctioned Rs. 55.60 lakhs against estimated block cost of Rs. 120 lakhs to Doaba Cooperative Milk Union at Jullundur for setting up a fluid milk plant with a rated capacity of 30,000 litres per day. An amount of Rs. 22 lakhs stands already availed of. The plant is expected to come up shortly.

13. Milk distribution-cum-chilling centre at Khatkar Kalan

Against block cost of Rs. 9 lakhs, the Doaba Union have been sanctioned Rs. 4.50 lakhs and the amount has been fully utilised. The plant stands already commissioned.

14. Milk distribution-cum-chilling Centre, Sultanpur Lodhi (Kapurthala)

Against block cost of Rs. 9 lakhs, the Doaba Cooperative Union at Jullundur have been sanctioned Rs. 4.55 lakhs by the NCDC in 1974-75. The work is fast in progress. No amount has yet been availed of against the loan sanctioned.

15. Milk distribution-cum-chilling centre, Shahkot Malsian (Jullundur)

Against block cost of Rs. 9 lakhs, the Doaba Union have been sanctioned in 1974-75 Rs. 5.25 lakhs. The centre is fast coming up. No amount has yet been availed of against the loan sanctioned.

The funds for projects 1 to 15 referred to above have been routed by the NCDC through the Punjab State Cooperative Bank.

Markfed as Government share-capital contribution for its spinning mills being set-up at Goniana in district Bhatinda.

Besides these projects, the NCDC have released an amount of Rs. 34.48 lakhs in 1975-76, Rs. 23.02 lakhs in 1976-77 and in all Rs. 57.00 lakhs by way of loan to the State Government against Rs. 57.50 lakhs provided by it to the

New Projects during 1976-77

Many new processing units are proposed to be set up with the assistance of NCDC in the Punjab during 1976-77. These are :

(Rs. in lakhs)

S.No.	Project description	Block cost	Location
i.	Starch Factory	220.00	Nawanshahr (Jullundur)
ii.	Par-boiling units	16.00	Rajpura
iii.	Juice Extraction and Concentration Plant	110.00	Abohar
iv.	Ginning Factory	32.00 32.00	Sardulgarh (Goniana) (Already sanctioned)
v.	Soap Unit	40.00	Kapurthala
vi.	Paper Plant	110.00	Site to be fixed
vii.	Pesticides/Insecticides dust formulation Unit.	8.30	Mohali (Roop Nagar)
viii.	Spinning Mill	504.00	Kotkapura (NCDC) has already released Rs. 57.50 lakhs)

NCDC have also sanctioned recently Rs. 5.52 lakhs (Loans: Rs. 4.515 lakhs, Subsidy: Rs. 1.005 lakhs) for the distribution of consumer articles in rural areas through Project Unnati Vitteran in Roopnagar district so that the newly generated incomes in the rural areas are made more meaningful and saved from petering out at the hands of rural traders.

Impact of NCDC Assistance

With a number of NCDC assisted projects and programmes coming up fast and fructifying, a great change is stirring the rural economy of Punjab. There is now atmosphere free from strain and unrest and general socio-economic climate in the state is pervaded by discipline, sober thinking and concrete action which is being duly reinforced by the 25-Point Socio-Economic Programme. Thus the manifest destiny of the farmer is beautifully revealing itself in the form of his rising standard of living, soaring scale of per capita income in the state, effective participation in decision making and a sense of solidarity towards democratic approach and mutual sharing of aspirations, purposes and faith in ultimate economic success.

The per capita income in Punjab, at current prices, is steadily rising and is sought to be pushed up higher and higher with the continuing guidance and financial support from the NCDC. This rise is urgently needed for improving the income standards of the farming community by having recourse to processing of major food and cash crops, both for internal consumption and exports. The per capita income in Punjab, which has a direct relevance to the co-operative effort duly supported by the NCDC, is as under :

(Rs.)	
Year	Amount
1970-71	995
1971-72	1054
1972-73	1105
1973-74	1386
1974-75	1498 (tentative)

Delays cause frustration—Avoid them.

FROM HERE AND THERE

Assistance to Cooperative Sugar Factories

NCDC sanctioned Rs. 68 lakhs as loan to the State Government of Maharashtra for participating in the share capital of Kadawa Sahakari Sakhar Karkhana Limited, district Nasik and Jai Bhavani Sahakari Sakhar Karkhana Limited, district Bhir.

The Corporation released the balance assistance of Rs. 13.66 lakhs to the Government of Tamil Nadu for participating in the share capital contribution of Tirupattur and Vellore cooperative sugar factories in the district of North Arcot. The Corporation has already rendered grant-in-aid amounting to Rs. 97 lakhs to these factories.

NCDC sanctioned a loan assistance of Rs. 190 lakhs and released Rs. 78 lakhs to the State Government of Uttar Pradesh for share capital participation towards Kisan Sahakari Chini Mills Limited, Bisalpur, district Pilibhit, so as to expedite the installation programme of the factory.

Margin Money Assistance

NCDC reimbursed Rs. 60 lakhs to the Government of Uttar Pradesh for assisting the Uttar Pradesh Cooperative Federation Ltd., Lucknow, towards its margin money requirements for procurement, stocking and distribution of fertilisers and other agricultural inputs during the year 1976-77.

NCDC reimbursed Rs. 37 lakhs to the Government of Tamil Nadu for assisting the Tamil Nadu Cooperative Marketing Federation Ltd., Madras, and Tanjore Cooperative Marketing Federation Ltd., Tiruvarur towards their margin money requirements for procurement, stocking and distribution of fertilisers and other agricultural inputs during the year 1976-77.

The Corporation provided margin money assistance of Rs. 1.83 lakhs to the Government of Orissa, for participating in the share capital of the Chhatrapur Cashewnut Processing and Marketing Cooperative Society Ltd., Chhatrapur district Ganjam.

The Corporation reimbursed an amount of Rs. 1.80 lakhs to Government of West Bengal in respect of installation of jute bailing presses and construction of transit godowns by five societies in the state.

NCDC released Rs. 40 lakhs to the Government of West Bengal towards reimbursement of margin money assistance contributed by the State Government to the West Bengal State Cooperative Marketing Federation Ltd., for its business in procurement of foodgrains, jute, cotton and other crops.

NCDC sanctioned Rs. 15 lakhs to Government of Rajasthan for share capital participation in the Rajasthan Tribal Areas Development Cooperative Corporation Ltd., Udaipur for its business in procurement/collection and marketing of agricultural and minor forest produce, supply of fertilisers and other agricultural inputs and distribution of consumer goods.

Establishment of a Cottonseed Processing Complex

NCDC granted a total assistance of Rs. 86.50 lakhs to the Maharashtra State Cooperative Bank Ltd., for establishment of a cottonseed processing complex of 100 tonnes cottonseed per day by Shri Saraswati Cooperative Oil Industries Ltd., Darmabad, district Nanded.

Assistance to Cooperative Processing Units

National Cooperative Development Corpora-

tion sanctioned Rs. 16.29 lakhs to the Government of Uttar Pradesh towards reimbursement against its release to the Uttar Pradesh Cooperative Spinning Mills Ltd., Etawah.

For participation in the share capital of the Cooperative Textile Mills Ltd., Bulandshahr, Uttar Pradesh, NCDC sanctioned Rs. 26.34 lakhs to the State Government of Uttar Pradesh.

The Corporation sanctioned Rs. 1.87 lakhs to the Maharashtra State Cooperative Bank Ltd., for assisting the Digra Block Shetkari Sahakari Ginning and Pressing Society Ltd., district Yeotmal, for expansion of existing ginnery with 10 D.R. gins at Digra.

NCDC sanctioned Rs. 2.26 lakhs to the Maharashtra State Cooperative Bank Ltd., for assisting Karanja Sahakari Ginning and Pressing Prakriya Sanstha Ltd., for expansion of existing ginnery with 12 D.R. gins at Karanja.

Assistance for Construction of Godowns

For construction of godowns, NCDC sanctioned Rs. 8 lakhs to the National Agricultural Cooperative Marketing Federation of India Limited.

NCDC sanctioned Rs. 11.15 lakhs to the Government of Orissa for construction of 68 rural and 32 marketing godowns.

The Corporation sanctioned Rs. 5.55 lakhs to the Government of West Bengal for construction of 23 rural and 13 marketing godowns.

NCDC sanctioned Rs. 2.475 lakhs to the State Government of Rajasthan for construction of six marketing godowns of 250 tonnes capacity each by the Rajasthan Tribal Areas Development Cooperative Corporation Ltd., Udaipur.

NCDC sanctioned Rs. 2.75 lakhs to the Government of Madhya Pradesh for construction of five marketing godowns of 500 tonnes capacity each by the five cooperative marketing societies in the state.

National Cooperative Development Corpora-

tion also rendered financial assistance of Rs. 1.26 lakhs to the Government of Madhya Pradesh for assisting construction of 11 rural godowns of 100 tonnes capacity each by the 11 large sized agricultural multi-purpose cooperative societies at a total cost of Rs. 2.53 lakhs.

Establishment of a Fluid Milk Plant

The Corporation sanctioned an additional loan of Rs. 60.85 lakhs to the State Government of Andhra Pradesh for financing the establishment of the fluid milk plant by the Marginal Farmers and Agricultural Labourers and Milk Producers Cooperative Dairy Development Union Ltd., Visakhapatnam.

Assistance for Pesticides Dust Formulation Unit

The Corporation sanctioned a loan of Rs. 5.81 lakhs to the Punjab State Cooperative Bank Ltd., Chandigarh for establishment of a pesticides formulation unit by the Punjab State Cooperative Supply and Marketing Federation Ltd., at Sahibzada Ajit Singh Nagar, Mohali. This assistance will be in the form of reimbursement.

Assistance to Laccadive Cooperative Marketing Federation

NCDC sanctioned Rs. 6.735 lakhs each to the Laccadive Cooperative Marketing Federation and the Union Territory Administration of Lakshadweep as loan and as subsidy respectively for construction of nine godowns, with a total storage capacity of 3100 tonnes at an estimated cost of Rs. 13.47 lakhs in nine islands of the Territory, by the Laccadive Cooperative Marketing Federation.

The Corporation sanctioned Rs. 1.45 lakhs as loan assistance to the Laccadive Cooperative Marketing Federation and Rs. 0.725 lakh as subsidy to the Union Territory Administration of Lakshadweep towards purchasing of four tractors-cum-trailers and two tillers-cum-trailers by the Federation.

An assistance of Rs. 1.465 lakhs each to the

Laccadive Cooperative Marketing Federation and the Union Territory Administration of Lakshadweep was rendered by the Corporation as loan and as subsidy respectively for construction/erection of 10 bulk kerosene storage tanks by the federation. These tanks will have a storage capacity of 15,000 tonnes each and are located in six islands.

NCDC also sanctioned Rs. 1.00 lakh each to the Laccadive Cooperative Marketing Federation and the Union Territory of Lakshadweep as loan and as subsidy respectively for construction of two godowns. These godowns, located at Cochin and Mangalore and having a total storage capacity of 800 M. Ts, will cost Rs. 2.00 lakhs each.

Assistance for Oil Expeller Unit

NCDC sanctioned Rs. 3.30 lakhs as loan and Rs. 1.10 lakhs as subsidy to Government of Madhya Pradesh for establishment of an oil expeller unit at Kondagaon by the Keshkal Cooperative Marketing Society Ltd., district Bastar. This unit would process eight tonnes of oilseed per day.

Assistance to Himachal Cooperative

NCDC released the last instalment of Rs. 16.40 lakhs to Government of Himachal Pradesh for assisting the Himachal Fruit Growers Cooperative Marketing and Processing Society Ltd., Simla.

Assistance to Consumer Cooperatives

NCDC sanctioned Rs. 1.295 lakhs to Government of Assam for assisting 37 societies for establishment of semi-modern shops.

NCDC sanctioned Rs 7.33 lakhs to Government of Himachal Pradesh for assisting six societies to increase their business turn-over.

NCDC sanctioned Rs. 2.94 lakhs to Government of Karnataka for assisting four societies for increasing their consumer business.

National Cooperative Development Corpora-

tion sanctioned Rs. 7.92 lakhs to Government of West Bengal to assist 13 societies in the state, Rs. 8.58 lakhs to Government of Rajasthan for assisting five societies in the state to increase their business turn-over.

The Corporation released Rs. 13.34 lakhs to Government of Kerala for assisting 11 lead societies and 206 village societies for expanding their business.

Assistance for Purchase of Transport Vehicles

Eight societies in Tamil Nadu were assisted for purchase of four-wheeler diesel-driven vans. For this purpose NCDC sanctioned an additional assistance of Rs. 2.106 lakhs to Government.

The Corporation sanctioned Rs. 11.16 lakhs to the Government of Punjab for assisting six societies in the state for purchase of transport vehicles.

National Cooperative Development Corporation sanctioned Rs. 1.90 lakhs to Government of Himachal Pradesh for providing financial assistance to three cooperative marketing societies for purchase of transport vehicles.

Financial assistance to the tune of Rs. 2.8125 lakhs was given by NCDC to the Rajasthan Tribal Areas Development Cooperative Corporation Ltd., Udaipur through Government of Rajasthan, for purchase of three standard truck/lorries of 10 tonnes capacity each.

Establishment of Rice Mills

NCDC sanctioned Rs. 4.48 lakhs to State Government of Rajasthan for setting up of a modern rice mill by Keshav Kraya Vikraya Sahakari Samiti Ltd., at Keshoraipatan, district Bundi.

An instalment of Rs. 1.08 lakhs was released by NCDC to Government of Orissa for assisting Dhankanal Rice Mill Cooperative Society Ltd., for meeting their margin money requirements for raising working capital loans from Banks and other financing institutions.



Another view of the tableaux displayed in the Republic Day Pageant 1977.

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सहकारी समितियों जनता की सेवा में COOPERATIVES IN THE SERVICE OF THE PEOPLE

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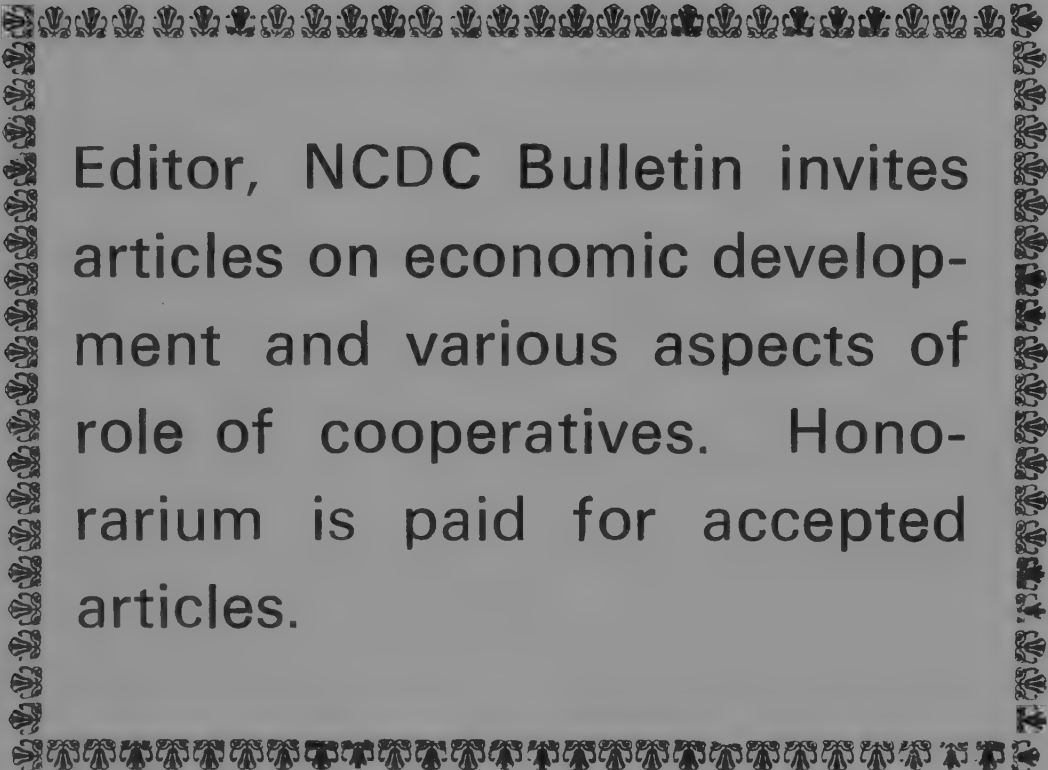
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BULLETIN

APRIL 1977





Editor, NCDC Bulletin invites articles on economic development and various aspects of role of cooperatives. Honorary is paid for accepted articles.

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EDITOR : **N. N. Trehan**

Views expressed in articles published are of the authors and not necessarily of the Corporation.



OUR NEW PRESIDENT

SHRI Mohan Dharia, in his capacity as Union Minister of Commerce, Civil Supplies & Co-operation assumed charge of the office of President of the General Council of National Cooperative Development Corporation on 26th March, 1977.

A veteran freedom fighter, eminent political thinker and able parliamentarian, Shri Mohan Dharia is known for his indomitable courage and frank views on democracy, socialism and social justice.

Shri Dharia, born on February 14, 1925, in Konkan at Nate village, district Kolaba (Maharashtra), is a product of the Quit India Movement.

Shri Dharia had his education at Konkan Education Society School, Mahad, and later at the Ferguson College, Pune. He obtained his law degree and was enrolled as an advocate of Bombay High Court. He was Secretary of the Poona Bar Association.

Shri Dharia took active part in the freedom struggle and organised the Youth March to capture Mahad Tehsil in 1942, and courted imprisonment. Later, in 1948, he fought for the liberation of Janjira State in the then Bombay Province. He was Foreign Minister of the liberated State for eight days. Shri Dharia's time, in those days, was

divided between jail terms and trade union activities. He was a member of the Praja Socialist Party. Shri Dharia was connected with several trade unions and similar activities, and while championing the cause of the poor, underwent imprisonment six times after Independence. He resigned from the Praja Socialist Party in 1960 and voluntarily resigned from all the posts to which he was then elected. He joined the Congress in 1961. He became the General Secretary of the Maharashtra PCC in 1962, and also the member of the All India Congress Committee.

Shri Dharia was elected to the Rajya Sabha in 1964 and continued to be a member of the House till 1971. During this period, he was popularly known as a "Young Turk". In 1971, he successfully contested the Lok Sabha election and was made the Minister of State for Planning. Later, he served as Minister of State in the Ministry of Works and Housing.

On account of differences with the Government, he was dropped from the Council of Ministers. Subsequently, he was arrested after the proclamation of the emergency and was released in January, 1977. He contested the Sixth Lok Sabha election from Pune as a Janata Party nominee and secured a resounding victory. He was sworn in as Cabinet Minister for Commerce, Civil Supplies and Cooperation in the new Government.

Shri Dharia is a voracious reader. His interest varies from music, drama, and culture to sports. He is the author of the "Fumes and the Fire" (1975), a book which reflects his basic views and contains documentary testimony on several matters so far unrevealed. He started a monthly magazine known as Lokapritinidhi for his constituency and runs a permanent parliamentary constituency office. He is a member of the Deccan Education Society, Shikshan Prasarak Mandali, Janata Education Society, and several educational, social and cooperative bodies.

Widely travelled abroad he was a member of the Indian delegation to the Silver Jubilee Session of the United Nations, and has led Parliamentary delegations to East and West Germany, USSR, Italy and many other countries.



NCDC TEAM VISITS ANDAMAN ISLANDS

M. S. Gill

IN terms of its charter, the NCDC is required to encourage the development of the cooperative movement over every part of the country. In actual practice, however, most of our effort has been concentrated on the major States which have provided a receptive and ready administrative structure. Conscious of this, the NCDC framed a separate scheme in the Fifth Plan for the cooperative development of what were defined as cooperatively less developed States of the country. These States include most of the eastern part of India plus the States of Rajasthan and Himachal Pradesh.



Members of the team reacting the show in a cane.

The special effort being made in these States is beginning to show encouraging results. The country, however, is so vast that there is always the possibility of some corners not being paid enough attention. Sometime back we, therefore, decided as a policy to pay special attention to these remote parts of the country and to do something to encourage cooperative development in these areas. As a first step, the terms of NCDC lending for the Union Territories and for difficult areas such as Arunachal Pradesh, Mizoram, and

Andaman Islands, etc. were made specially favourable in terms of subsidies, interest rates and quantum of loans. This had an immediate impact and we were able to render some very prompt and useful assistance to Arunachal Pradesh and to Mizoram. The process continues and it is NCDC's policy to look at any proposal from these regions with utmost sympathy and promptness. The local administrations too have reciprocated our efforts by submitting proposals quickly and implementing them with zeal and energy.

While doing this, we felt that the islands in the Arabian Sea and the Bay of Bengal, by their very remoteness, needed to be looked at in more detail with a view to finding out their needs and then trying to meet them. Last year our Regional Officer, South, Shri K. Sivaraman, was, therefore, requested to make a personal visit to the Lakshadweep Islands and to send a detailed report on the economic needs of the people there. Mr. Sivaraman spent a week going through these beautiful islands and sent us a comprehensive report. Apparently the cooperatives of the Lakshadweep Islands needed immediate assistance in the way of godowns, transport and shipping in order to take care of their main commercial crop—copra. The proposals were examined and sanctioned without delay by the NCDC management. This accounted for Rs. 29.575 lakhs. The details are as below :

i) Purchase of cargo vessels of 200 mt. tonnes	... Rs. 9.00 lakhs
ii) Transport vehicles	... Rs. 2.175 lakhs
iii) Godowns	... Rs. 15.470 lakhs
iv) Bulk kerosene storage tanks	... Rs. 2.93 lakhs
<hr/>	
Total	... Rs. 29.575 lakhs
<hr/>	

In fact, as it happened, these sanctions were issued shortly before the erstwhile Prime Minister's visit to the Islands and must have come as a pleasant surprise.

The Andaman Islands which are a much larger entity, and also much further remote from the mainland, also required a detailed examination with a view to formulating a cooperative plan for their development. Accordingly, I led a high-powered team to the islands from 10th to 18th of January, 1977. The team consisted of Dr. M. S. Patel, Managing Director, National Cooperative Consumers' Federation; Mr. K. Annakesavan, Director, Dept. of Civil Supplies & Cooperation; Mr. G. K. Sharma, Managing Director, National Agricultural Cooperative Marketing Federation; and Mr. N. Gopalakrishnan, Director, National Cooperative Development Corporation. Mr. G. K. Sharma of the Nafed was, however, unable to accompany us. During a stay of 10 days, we visited a number of islands in the southern part and had the benefit of detailed discussions both with the Chief Commissioner and officers and cooperative leaders of the area. We also had the opportunity to visit a number of societies from consumer stores to marketing and fishing societies.

These islands stretch like a string of pearls down the eastern end of the Bay of Bengal. Nearly 350 in number, they range from very large islands to tiny rocks, in the ocean. The population consists of some ancient tribes and a great many migrants from the mainland. These have come from all parts of India. By the very nature of their geographical situation, communications present a major problem in the islands. The cooperatives too in their functioning, can only do better if they get adequate support in the way of ships. Apart from this, the consumer cooperatives have difficulties in the procurement of goods from the mainland and the terms on which these are bought. There seems to be great enthusiasm for cooperatives in the islands and in fact in the Nicobar group, we found that the entire retail trade was done by cooperatives only, who were further organised into apex level organisations. In these southern islands, there were no private shops and the entire retail distribution was done by the cooperatives. This is a unique achievement, not equalled by any part of the country. Unlike many societies on the mainland, the cooperatives in the Nicobar group are run on genuinely democratic lines, with the members and the village leaders, taking an active part in the making of

policies. This again is a legacy of the tribal society which the Nicobaris have. It is a well established fact, that the tribal people of the country, are much more democratic in running their social affairs, and the Nicobaris are no exception.

Based on our study, and detailed discussions, we have made a number of recommendations for strengthening the cooperative movement in the islands. They are best summarised as follows:



An idyllic view of one of the islands of the Nicobar group

1. Formation of a central level cooperative marketing and supply federation for the Union Territories to handle not only marketing and consumer business, but also other activities such as dairying, poultry farming, etc.
2. The Nafed and Nccf should assist the Federation with market intelligence as well as in marketing and purchases in the mainland.

3. The Consumer Cooperative Stores at Port Blair be given financial assistance by NCDC for establishment of branches at Rangat and in Little Andaman and also a mobile retail shop in South Andaman.
4. The existing Nicobar Commercial Co. (NCC) in Car Nicobar and the Nancourie Mercantile Co. (NMC) in Nancourie group of Islands (the membership of which now consists of primary co-operatives though registered as partnership firms) may be formally converted into cooperatives without disturbing immediately the existing management and business activities.
5. The NCC may be given financial assistance by NCDC for purchase of cargo vessel of 500-600 tonnes capacity for mainland and inter-island transport at a cost of around Rs. 30-35 lakhs, and also for transport vehicles, transshipment/stevedoring.
6. The NCC may be assisted for establishment of an electric copra drying kiln and a small oil expeller.
7. There is considerable scope and potential for development of fisheries in the islands. Assistance may be provided by NCDC for development of fisheries through cooperatives.

8. The cooperatives in the Union Territories may be assisted for construction of storage godowns.

We hope that with the implementation of some of these recommendations, the cooperative movement in the islands will be strengthened and expanded. But more than the implementation of these recommendations, what is required is to establish a deep and lasting link between the administration and the cooperatives of these islands and institutions like the NCDC. We in the NCDC are determined, to do our utmost, to be of assistance to the Andaman Islands, and other distant parts of the country. We hope, therefore, that our efforts for the development of the islands and the border areas of the country will bear fruit to be of benefit of the people of these regions, and the nation as a whole.



Kashmir to Kanyakumari—India is one

ADVERTISING AND THE COOPERATIVES

Dr. R.B. Mishra

Shift in Management Philosophy

THE idea of advertising is as old as trade itself, but the concept has undergone significant transformation during last few decades. The industrial society, in its earliest phase, had to solve only the problems of mass production and scarcity as the demand usually outstripped supply and there was no compelling need to seek out markets with the help of advertising and sales promotion. The over-riding necessity for the society was mass production and accordingly the earliest management was production-oriented. Marketing, which includes advertising, was considered only a peripheral problem in the same category as accounting.

With rapid rise in the standard of living and the advent of intense competition in the market, it was, however, experienced that sale could no longer be treated as automatic. Some organised effort was necessary for the disposal of production. Although, the main emphasis still continued to be on production, the importance of 'persuading' customers to buy was increasingly realised. There was, consequently, a gradual shift in the management philosophy which was characterised as sales orientation as distinct from production orientation. During this phase, advertising came to be regarded as an essential ground support to the sales force.

Growth of Customer Oriented Concept

The management philosophy has recently undergone a radical change as a result of far-reaching development in science and technology. On the one hand modern production methods have become highly capital-intensive while, on the other hand, producers and consumers have moved apart both spatially and psychologically. Under the changed context, for most of the commodities, the sellers' market has gradually disappeared and buyers' market is taking firm shape in its place. This has rendered the former philosophy of sale orientation inadequate in the changed economic environment. The management has now to devote considerable time, energy and resources on pushing up his product in the market. In fact, the whole outlook has become customer-oriented which means changing the entire activity of a business to suit the needs of the customers. The new management philosophy derives its *raison d'être* from the concept of 'customers' sovereignty' and recognises the strategic importance of consumers as a determinant of business growth and survival. In practice it logically means the creation of a suitable organisation to evaluate continually the utility of a product and the image of a company through the customers' eyes. The customer-oriented management aims not only at developing products according to the changing needs of consumers, but also at 'widening' the market so that yesterday's luxuries become today's necessities.

Varying Role of Advertising

While advertising has now been acknowledged as one of the most powerful weapons in the armoury of modern management, it has not been used with the same vigour and intensity in different countries of the world. In fact, in the same country also, its role has not been uniform in different sectors of the national economy. There has been, generally, slow and selective use of advertising in the developing countries as against developed countries where advertising has made a far-reaching impact on the economic and social life of the people. This has led many people to observe that advertising is a concomitant feature of an affluent society only. Advertising has, no doubt, a limited role in the developing countries

because of various social and economic constraints such as poor standard of living, low level of literacy and lack of suitable media etc., but its utility cannot altogether be denied. The organised private sector, producing mass consumption goods, makes considerable use of advertising even in the developing countries. Cooperatives, on the whole, have generally lagged behind in taking due advantage of this important weapon of management.

Limited Use in the Cooperative Sector

There are several reasons why advertising has not been used in an effective manner by the cooperative sector. The cooperative sector, for a very long time, functioned in a market where there was negligible competition and in all spheres—credit, marketing or consumers' goods—it enjoyed the benefit of a sellers' market. Secondly, the cooperative movement was started as an ameliorative measure for the emancipation of the poor and the needy and as such it showed greater concern for social obligations than for economic considerations. Thirdly, the cooperative sector, for a considerable period, remained confined to certain well-defined sectors only which meant that its impact on the national economy was somewhat limited. Fourthly, most of the cooperatives functioned within limited areas dealing only with patron-members and as such the means of communication with them was almost direct and easy. The management was, more or less localised. Fifthly, the development of cooperatives in the pre-independence era was an integral part of our national aspirations and during the post-independence period cooperation was deliberately adopted as an instrument of socio-economic development. The cooperative movement flourished under the State patronage and within the framework of a host of regulatory measures adopted from time to time. In practice, it meant that the cooperative movement was more official than commercial in outlook. Sixthly, as the development of cooperatives was not very wide-spread, cooperative leaders were generally well-known entities with established record of dedicated service. Thus, the public image of cooperatives was generally very high and unquestionable. Seventhly, the cooperative management, for a long period, consisted of

honorary cooperative leaders followed by low-paid employees. This naturally accounted for parochial commercial vision because the modern management techniques were generally not known or appreciated by them. Finally, the role of advertising, in the capitalist economic set-up, has not been free from frequent criticisms. The cooperatives, with the motto of service have been indifferent and averse to the use of advertising.

Growing Need in Cooperative Management

The socio-economic environment, in which cooperatives have been functioning, has undergone a radical change during the last two decades. Cooperatives have to operate now in an atmosphere of keen and on occasions, cut-throat competition. They have to fight not only against unscrupulous private traders but also against public undertakings which are often indifferent if not hostile. Buyers have become quality and price conscious and the loyalty of members cannot be taken for granted. In a buyers' market, cooperative must make constant effort, through advertising and other promotional measures, to retain patronage of the existing members and to bring new members within their fold. Secondly, cooperatives have, no doubt, to pay due regard to their social obligations but they can no longer afford to ignore basic economic considerations if they have to ensure their survival and growth. This means that advertising should be used to strengthen the economic position of the society. An economically strong cooperative will be able to render better service to its members. Thirdly, there has been, in recent years, considerable expansion and diversification of cooperative sector and the cooperative sector now occupies a respectable place in the national economy. There has been vertical and horizontal integration among the cooperatives and consequently many societies have grown very large. Direct communication between societies and their members is no longer possible and advertising, therefore, has to be adopted for dissemination of knowledge and understanding among the members. Fourthly, cooperatives still enjoy an important place in the new scheme of economic progress with social justice. The cooperatives must shake off their official inertia

and adopt an attitude of commercial resilience and economic viability. As soon as such a change takes place, advertising will be indispensable.

The public image of cooperatives is no longer clean and untarnished. Cases of misuse of authority, defalcations and embezzlements have been brought to light and wide-spread misgivings have been created about the maladies supposed to have gripped the cooperative sector. Unfortunately, the press is often keen to give wide publicity to cases of cooperative failure but achievements are often belittled or ignored. Planned and systematic effort is needed to clear the image of the cooperatives. Cooperatives, like Caesar's wife, must always be above suspicions and it is here that advertising has to play a very valuable role. Finally, the growing trend towards professionalisation of cooperative management also calls for increasing use of advertising. A professional manager, imbued with customer-oriented business philosophy and operating in a competitive market, has no option but to lean heavily on advertising as a means of sales promotion and image-building.

Need for Effective Use

A close scrutiny of the advertising matter released by the cooperative institutions reveals some disquieting features and it is important to prescribe some safe-guards to ensure due benefit from the expenditure on this account. First of all, advertising is a complex and specialised subject but unfortunately everybody considers himself competent to handle this subject. The result is often disastrous. The published matter is either dry and monotonous so that nobody bothers to read it or it is purely imitative or sometimes even grammatically or factually wrong. The advertising matter must be skilfully prepared so that it cannot possibly escape readers' attention. The message must be conveyed in a quick, subtle and correct manner so that the basic idea of the message is retained by the customer. A specialist alone can deliver the goods and if a cooperative organisation cannot appoint a trained hand, it should at least engage an expert advertising agency. Secondly, the fund earmarked for publicity and advertising is

often quite inadequate because such an expenditure is often treated as un-productive or wasteful. It is forgotten that advertising campaign, to be successful, must be continuous and sustained. It is sporadic campaign which fails to yield desired result. Thirdly, the meagre allocation made to advertising is often deliberately wasted by release of advertisement in such media as souvenirs, weeklies and monthlies of dubious character and nominal readership. Advertisements, in such cases, are released for the sake of patronage rather than sales promotion. It is high time for the cooperatives to be more selective in release of advertisement. Finally, advertising campaign should be properly planned. Careful decisions must be taken as to when to advertise, what to advertise, and how to advertise. This is important, particularly, when available funds are not adequate.

The cooperative sector has yet to adopt advertising as a tool of management, and this must be done in a planned, systematic and restrained manner.



REDUCTION IN FERTILISER PRICES

THE Government of India have reduced the prices of urea and certain other varieties of fertilisers with effect from February 8, 1977. There had been a steep increase in the prices in June, 1974 and since then there have been five reductions. The details of the issue prices and the distribution margins in respect of pool fertilisers as also the prices of non-pool fertilisers are indicated in the following two tables :—

TABLE I

Statement showing revised pool issue Prices of Fertilisers effective from February 8, 1977

(Amount in rupees)

Prices per M.T. (net) applicable for States and Union Territories*										
Name of Fertilisers	Prices w.e.f. 10-4 1969	Prices w.e.f. 17-3- 1972	Prices w.e.f. 10-10- 1973	Prices w.e.f. 1-6- 1974	Prices w.e.f. 18-7- 1975	Prices w.e.f. 1-12- 1975	Prices w.e.f. 16-3- 1976	Prices w.e.f. 20-4- 1976	Prices w.e.f. 8-2- 1977	Distri- bution margin w.e.f. 18-7-75
1	2	3	4	5	6	7	8	9	10	11 12
Urea (46% N)	863	879	970	1920	1735	1735	1635	—	1535	115 (80)
Urea (45% N)		860	950	1880	1695	1695	1595		1495	115 (80)
Amm Sulph (100 kg. pkg.)	484	494	535	870	850	850				75 (55)
Amm. Sulph (50 kg. pkg.)	495	505	545	880	860	860				75 (55)
Indigenous CAN (25% N)		510	560	1040	945	945				70
Imported CAN (26% N)	515	534	585	1085	985	985				75 (60)
Amm. Sulph. Nitrate				1085	985	985				75
Amm. Chloride.	484			1040	920	920				75

1	2	3	4	5	6	7	8	9	10	11	12
Di-Amm. Phosphate	1122	1151	1240	2910	2665	2460		2070		140	(95)
Mono. Amm. Phosphate				3040	2795	2545			2185	140	
Amm. Nitro. Phos. (20-20-0)	800	829	1120	1775	1670	1550			1480	110	(80)
Amm. Phos. (20-20-0)	814	—	1120	1775	1670	1550			1480	110	
Amm. Nitro Phos. (23-23-0)				2040	1920	1795			1645	115	
Amm. Nitro. Phos. (26-14-0)				1740	1635	1535			1445	110	
M.O.P. (100 kg. pkg.)	483	493	620	1170	1090	1005	820		715	80	(50)
M.O.P. (50 kg. pkg.)		504	630	1180	1100	1015	830		725	80	(50)
Sulphate of Potash			730	1495	1415	1305			1200	95	(50)
NPK (15-15-15)	832	862	1295	1620	1595	1540	1465		1415	105	(80)
NPK (11-11-11)				1190	1170	1130			1060	90	
NPK (17-8-9)				1260	1240	1100				90	
NPK (14-14-14)	755	784		1515	1495	1445			1355	95	
NPK (14-28-14)	1047	1080		2170	2140	1900			1735	120	
NPK (12-24-12)				1860	1830	1610			1455	115	
NPK (13-13-13)				1405	1380	1330			1245	95	
NPK (12-32-16)		1074		2315	2285	2220				130	
NPK (10-26-26)		1060		2145	2125	2080				120	
NPK (14-36-12)		1161		2505	2470	2400				135	
NPK (17-17-17)					2455	2290	1990	1835	1675	135	
NPK (20-10-10)					2050	1715			1650	120	

1	2	3	4	5	6	7	8	9	10	11	12
NPK (13-13-20)					2010	1870			1785	120	
NPK (17-17-16)					2430	2265			1955	135	
Amm. Nitro. Phos. (24-24-0)					2940	2510	2155	2130	1905	140	
Amm. Phos. (19-20-0)					2340	2030			1900	130	
Triple Super Phos.					2570	1735			1435	140	
C.A.N. (27%)					1025	1025					75
C.A.N. (28%)					1065	1065					75

Note : The figures given within bracket under col. 12 relate to margins prior to 18-7-75.

* Including cooperative wholesalers

TABLE II

Non-pool Fertilisers Prices

(Rupees/Tonnes)					
UNIT	Products	Prior to 1.12.75	Revised prices from 1.12.75	Revised prices from 16.3.76	Revised prices from 8.2.77
1	2	3	4	5	6
Ennore (EID)	16:20:0	2444	2146	1840	1700
	18:9:0	1528	1528	1380	1320
Baroda (GSFC)	19.5:19.5:0	2200	2200	1890	1820
	18:46:0	2805	2805	2120	
				2210-	No change
				(outside Gujarat	State)
Vizag (CFL)	28:28:0	3180	3030	2600	2500
	14:35:14	3180	2930	2355	2230
IFFCO	10:26:26	3060	2700	2200	1990
	12:32:16	3700	3000	2470	2220
	22:22:11	2975	2650	2270	2100
	24:24:0	3000	2650	2270	2080
	Urea (46%)	—	—	—	1650

1	2	3	4	5	6
MFL	17:17:17	2640	2300	1970	1810
	24:24:0	2875	2700	2330	2100
	14:28:14	3400	3400	2920	2660
GOA (ZAC)	28:28:0	3300	3030	2600	2340
	19:19:19	2950	2570	2200	2020
FACT	16:20:0	2430	2230	1930	1860
	20:20:0	2650	2450	2150	2080
FCI	15:15:15	1840	1840	1570	1520
	20:20:0	2240	2240	1950	1880

STAFF NEWS

The Corporation heartily welcomes the new officers who have joined recently.

Shri B.S. Shekhawat has joined the Processing Division as Technologist (Oilseeds) on January 25, 1977.

Shri S. Bhanusekhar has joined the Textile Division as Technologist (Textile) on March 2, 1977.

Shri B.V. Mamtani has joined the Marketing Division as Technologist (Paddy Processing) on March 4, 1977.

Shri S. Mukhopadhyay has joined the Corporation as Financial Analyst on March 31, 1977.

SEED MULTIPLICATION SCHEME INAUGURATED IN TAMIL NADU

ON March 13, 1977 Governor of Tamil Nadu inaugurated the Seed Multiplication Scheme, by laying the foundation stone for the factory complex being set up by the Tudiyalur Cooperative Agricultural Services Ltd., (TUCAS) at Coimbatore. This Scheme is the first of its kind in the cooperative sector in the country.

The scheme envisages to cover 23,000 acres spread over 11 centres, each covering an area of 2,000 acres, to produce 25,000 tonnes of quality seeds of various varieties to meet 10 per cent of the State's seed requirements. Nine of the centres will be established by the nine taluk cooperative marketing societies of the district while two centres will be established by the TUCAS.

The Tudiyalur Cooperative Agricultural Services Ltd., Coimbatore, one of the successful co-operatives in Tamil Nadu, had formulated a project



Shri Mohanlal Sukhadia, former Governor of Tamil Nadu (seated fourth from left) at the inaugural function of the Seed Multiplication Project launched by Tudiyalur Cooperative Agricultural Services Ltd.

in 1973 for production, processing and marketing of improved seeds through selected local farmers. The society, though a primary one, has been undertaking varied functions, viz. fertiliser mixing, formulation of pesticides and insecticides, fabrication of agricultural machinery, manufacture and servicing of power sprayers, agro-service-cum-custom hiring centres, petrol bunk-cum-service stations, manufacture of cattle and poultry feed and cotton ginning and pressing, besides its normal credit and supply activities. Its membership consists of 9,354 farmers with a paid up share capital of Rs. 9.86 lakhs and deposits of Rs. 40.25 lakhs. Its sales turnover during 1974-75 was of the order of Rs. 106.35 lakhs. Its profits during 1974-75 were Rs. 3.04 lakhs. The project was prepared with the guidance of the Vice-Chancellor, Tamil Nadu Agricultural University, Coimbatore and the Seed Technologists of the Agricultural University.

The National Cooperative Development Corporation agreed to finance this Scheme costing Rs. 1.70 crores by way of capital expenses by providing 70 per cent of the amount as loan towards share capital. Under a special scheme sponsored by the NCDC in 1966, the cooperatives entered the seed production-cum-processing and marketing activities, though on a limited scale, by establishing eight small sized seed processing plants for hybrid maize etc.

The operations of the seed cooperatives so far established are, however, on a very small scale and in the changed context of the scope of seed industry in the country in the face of increasing demands for improved seeds, there is need to encourage the establishment of large sized projects. This entire Scheme is proposed to be assisted in two phases over a period of two to three years as under :—

(Rs. in lakhs)

Name of Society	Acreage	Seeds to be produced	Capital cost
1	2	3	4
I. Phase			
A. Head quarters establishment and facilities at Tudiyalur			8.00

B. 1. Tudiyalur Coop. Agril. Services	2000	Cotton	15.00
2. Tirupur Coop. Mktg. Society	2000	Cotton	15.00
3. Gobichetti-palayam Coop. Mktg. Society	2000	Paddy	20.50
4. Pollachi Coop. Mktg. Society	3000	Ground-nut/ Sunflower	10.50
5. Coimbatore West Coop. Mktg. Society	2000	Hybrid Millets	13.50
6. Udumalpet Coop. Mktg. Society	2000	Pulses & Millets	11.00

II. Phase :

7. Tudiyalur Coop. Agril. Services	2000	Hybrid Crops	13.50
8. Erode Coop. Mktg. Society	2000	Paddy	20.50
9. Dharapuram Coop. Mktg. Society	2000	Paddy	20.50
10. Palladam Coop. Mktg. Society	2000	Millets & Pulses	11.00
11. Avanashi Coop. Mktg. Society	2000	Millets & Pulses	11.00

23000 170.00

In the Coimbatore district, there is a large number of small and progressive farmers, who are at present undertaking seed production for certain private firms but they receive very low prices.

Each of the nine marketing societies will specialise in one or two varieties of seeds suited to the agro-climatic conditions, water resources available and the major cropping pattern in the area and each of the centres will be independently run by these societies with competent technical and other staff. The financial assistance will be provided by the State Government to each of the nine marketing societies and Tudiyalur Societies separately. Each society would be responsible for repayment of its loan. The Tudiyalur Society will be the lead society which will co-ordinate and supervise the activities of all the centres. A Central Coordination Committee will be established with representatives from all the nine marketing societies and the Tudiyalur Society, alongwith representatives of the Tamil Nadu Agricultural University, State Government, Registrar of Cooperative Societies, financing banks, etc. for laying down guidelines, policies and execution of the project.

The headquarters of the project, besides coordinating the activities of the centres, will arrange for supervision by technical staff, establish a central laboratory for quality control and a central Thermostatic Warehouse for stocking the carry-over seed stocks. The headquarters will also arrange for marketing of the seeds. The centres will employ suitably qualified technical and other staff for the project. The Tamil Nadu Agricultural University will be closely associated at every stage in the recruitment of the technical staff, their training and in the execution of the project.

The foundation seeds will be obtained from the National Seeds Corporation and Agricultural University and distributed to the selected growers who will be members of the society concerned, for multiplication in compact areas under close supervision of the staff of the project. The seeds will be procured from the growers, processed and marketed after certification by the State Certification Agency. Each centre will have appropriate pro-

cessing plant, godown, etc. for the purpose. The production credit will be provided by the District Central Cooperative Bank through the local primary agricultural credit societies. The requisite inputs will be supplied by the marketing societies through the village service cooperatives.

The seeds will be marketed through the cooperatives within the district and the surplus seeds will be marketed through the Tamil Nadu State Cooperative Marketing Federation in other districts. Suitable built-in arrangements will be made to collect additional share capital from out of the sale proceeds. It is envisaged that 7000-8000 growers will be involved and benefitted by the scheme.



MARKFED MILESTONES

Man Mohan Singh

IN the Markfed, there is no confrontation between the agricultural or the industrial sector. Processing of agricultural produce is an inevitable logic of effective marketing by the producer. It is with these marketing and in fact service motives that Markfed has fogged ahead as a big factor in the industrialisation of the agricultural sector of Punjab's economy. If aims could be identified, the effort is to ensure that the producer get the most remunerative price for what he produces. This is sought to be achieved through the institutional fold of the cooperatives. More than that Markfed is committed to taking industry and all its advantages to the interior, to the backward areas and to the hitherto unexplored areas. It is expected that what is set up by way of an industry would be a trend setter, that it would generate all the expansion effects and that the message of progress will spread.

The story of Markfed is now etched on the Punjab landscape in the most glorious words. There are three fertilizer plants at Ludhiana, Dhuri and Anandpur Sahib—each having a capacity of 45,000 tonnes per year. The pesticides and insecticides formulation plant is based in Sahibzada Ajit Singh Nagar to meet the requirements of insects killing chemicals with a production capa-

city of 9 lakh litres of insecticides per year. Dotted over three different places at Sarna, Ropar and Singhpura reinforced cement pipes are manufactured which are required by the farmer for laying out irrigation channels and for conservation of his water resources. Then there is Markfed canneries at Jullundur whose very name evokes juicy memories and spicy metaphors. That is to say that mustard leaves are processed into *saag* and tomatoes into an excellent appertif.

Comparisons, though odious, have nevertheless to be made. These products pale into insignificance when focus shifts to a huge oil complex that Markfed has just commissioned at Kapurthala. It will produce 100 tonnes of compounded animal feed a day for which orders of importers have already started pouring in. It will also process 50 tonnes of solvent extraction, and equal amount of other oil seed crushing and 10 tonnes of oil refinery. The workers, the labourers and the management toiled day and night recently to commission it to coincide with the groundnut processing season and this project was dedicated to the great and valiant people of the State.

And one should not forget what has been done in Gidderbaha. A beautiful architectural building now stands where once were otherwise attractive looking sand-dunes. The cotton seed processing mill has been crushing 100 tonnes of cotton seeds a day. De-oiled cakes produced by the mill are being exported and the story is one of success and services.

Perhaps Markfed Vanaspati & Allied Industries, Khanna should have come first in the strictly sequential sense. It has lot of firsts to its credit. It has a capacity of 1500 tonnes of production of vanaspati per month. Recently it touched the peak by producing more than 1100 tonnes of vanaspati a month and that too in season when vanaspati was most desperately required. Its groundnut crushing capacity is 1500 tonnes with an additional solvent extraction plant for processing of 1500 tonnes per month. It is located where it should be, in the area which is known for its groundnut production. Memories are short but each time when the groundnut starts arriving in the

market, people believe that it is because of its presence that the prices exhibit a tendency towards stability and that prices do not dip to the detriment of the farmer.

One of the most important factors in a balanced, coordinated and organised industrialisation or for that matter agricultural processing is the need to identify, build up, strengthen and promote inter-linkages. It is a fascinating study how the product of one project is the raw material of the second and how the finished product of the second becomes the constituent of another compounded product of the third. Markfed thus has now a sub-complex or for that matter a complex in which the ginning factory, at Goniana the cotton seed plant at Gidderbaha, the vanaspati mill at Khanna and the compounded animal feed at Kapurthala are all involved in a series of linkages, inter-dependence or in fact reciprocity of progress and development. When Markfed goes into a massive campaign of fertilizer distribution exceeding more than one million tonnes of fertilizer, that too is linked up with whatever will ultimately feed the factories.

This, would be a very improper finale to the Markfed story. Punjabi's biggest passion is big-ness with the only variation that they do big even if that leaves very little time to talk big

Thus, it was decided to set up the biggest ever project and that too in perhaps the most backward region of the State at Kot Kapura. When it comes up, the Markfed Spinning Mill at Kot Kapura will more than illustrate what has been talked about. These are not mere following platitudes. In fact the following figures are the notations of our music of progress. This will cost approximately Rs. 5 crores when completed and its cotton consumption intake would be more than 30,000 bales per year. Its

yarn production per year will be 43 lakh kgs. and spinning material would be hosiery yarn, coarse yarn etc. for handloom and powerloom industries.

It will be a 25,000 spindles project and will have an employment potential of 1000 persons or for that matter 5000 members of 1000 family units. It is envisaged that this will be expanded ultimately to 50,000 spindles. Any expansion would of course correspondingly increase its employment potential, its business turnover and its consequential impact on the prosperity of the area.

With this project, Markfed forges in yet closer financial, institutional integration with agencies whose help was given in the most abundant measure. In this Markfed are partners with NCDC, Industrial Finance Corporation of India (IFCI) and there is always response, help, sympathy and understanding forthcoming from the Punjab Government.

This in a sense is the unfinished symphony of progress. Many of its notes can be hummed about or thought of. But let that be the domain of the always uncertain and the always unpredictable future. Though of course we look towards that future much more confidently than ever before as we take today yet another step, the longest and the most significant that we have ever taken.

There is no substitute for hard work

MATERIALS MANAGEMENT IN COOPERATIVES

K. K. Taimni

AS a concept, materials management is of recent origin. Not unexpectedly, only a few organisations have wholeheartedly accepted it in this country. The cooperatives still lag behind despite its obvious relevance to their operational efficiency and effectiveness.

Interestingly, although it was almost a decade and a half ago that the modern concept of materials management came to be recognised in the country of its origin—U.S.A., as a distinct aspect of modern management, yet only a handful of 45000 and odd manufacturing concerns in that country had a materials manager at the end of sixties. In

other countries the position was still worse and materials managers were almost non-existent. In recent years, there has, however, been a growing interest in this important area especially because costs of materials are steadily mounting and there is growing pressure on managements to find fresh avenues to reduce costs.

Many misconceptions surround the terms materials and materials management. Material in economic terms is defined as an idle asset which has a value but await utilisation. When used in materials management, it connotes the physical materials that are purchased, received, stored, inventoried and handled. It does not suggest the final product that is warehoused and distributed. Materials stop being materials in the production department when an entirely new thing—a product, is born. The above distinction is of fundamental importance to the understanding of the emerging concept.

Broadly speaking, materials management is concerned with the entire range of functions which affect the flow, conservation, utilisation, quality and costs of materials. It generally covers activities like purchasing, inventory control, traffic and receiving, stores, materials handling, record keeping, inspection, packaging and shipping. In the new concept, materials management is not just one or more of these activities. It cuts through and integrates them all and reflects an attitude of mind that focusses on materials as the single largest area of costs.

Thus the basic concept of materials management implies the development of a new attitude, a new outlook on the part of those who are assigned the role of looking after all materials related activities as one whole integrated system, of which each activity is a sub-system. This approach has been found to be particularly useful for reducing costs more effectively.

In the fast changing techno-economic environments, the successful management of a few organisations, especially in the United States, have been able to develop radically new concepts which have added new dimensions to current thinking

in the field of industrial management. The new concepts put the customer in focus and seek to orient the activities of an organisation for his satisfaction. It is recognised that there are three areas of concern for the top management, viz. customer satisfaction, which is covered under the marketing management; the process of adding value to the materials, which is covered under production management; and the whole area of materials costs which is covered under materials managements. In other words, the major areas are "costs", "adding value" and "customer satisfaction".

By bringing all materials related activities and integrating them under one system, materials management provides better administration which cannot be ensured when such matters are left as part-time responsibilities of other busy managers. By co-ordinating and intergrating fragmented individual materials functions and by exercising control over the ever-increasing costs of materials planning, procurement, inventories, storage usage, handling and distribution, materials management promote a more efficient level of administration.

Dean S. Ammer, who is considered to be a pioneer in the field of materials management listed these as the leading advantages of the system; (1) forced cooperation between purchasing and production control; (2) tighter inventory control; (3) efficiency in operations; and (4) better communication. On the causes for rejection of the new concept, he lists two major reasons; (1) simple resistance to change; and (2) failure of the top mangement in recognising that the materials management is a money making activity. On the latter aspect he writes : "Materials Management is seen as service activity. It does not contribute directly to the objective of the business but helps the real contributors (manufacturing, marketing and sometimes engineering departments) do a better job. Significantly, the purchasing, production control and traffic functions are controlled as costs centres. They are measured by the costs of the service they perform rather than by their contribution to the profit". It is this approach which comes in the way of management recognising the intrinsic utility of materials management.

Two major and related forces have, however, in recent years influenced many managements to adopt the concept of unified materials management. These are electronic data processing and systems approach to management.

Materials management is indeed struggling to gain acceptance. And in a country faced with an acute shortage of materials and mounting costs, it can really play a vital role in energising the economy.

Convinced that cooperatives will have to leap frog to enter the modern management era, a modest attempt is made at VMNICM to expose the cooperative leadership and executives with a view to enabling them to focus their attention on this vital area of managerial concern.

Purpose of Materials Management :

Managers always direct their efforts towards achievement of the general objectives of the business. The two most important economic objectives are : survival and profit. A business has also, of course, non-economic objectives. These may include favourable community relations, maximum service to the customers, pleasant working conditions and opportunities for advancement for employees, technological lead etc. But all these can be achieved only if the economic objectives are first achieved.

Each function of the business has to be geared to achieve these objectives. The materials function is no exception. It contributes to survival and profits by providing materials at the lowest overall costs.

It is worthwhile examining some typical objectives of materials management. Each in some way contributes to the achievement of the overall objectives of the enterprise. If the contribution is directly made by the materials department, we call it a primary objective and if it is indirect and results from the materials department assisting some other department in achieving its objectives, we call it a secondary objective.

Almost every materials department has at

least the following nine primary objectives :

Primary Objectives :

Low prices;

High inventory control;

Low cost of acquisition and possession;

Continuity of supply;

Consistency of quality;

Low pay-roll costs;

Favourable relations with suppliers;

Development of personnel; and

Good records.

Low Prices :

This is the most obvious materials objective and certainly one of the most important. If the materials department reduces the prices of the items it buys, operating costs are reduced and profits are enhanced. This objective is important for all materials related activities, including purchases of materials and services like transportation.

High Inventory Turnover :

When inventories are low in relation to sales or production (inventory turnover is equal to annual sales divided by average monthly inventories), less capital is tied up in inventories. This, in turn, enables the organisation to make better use of capital, so that return on capital is higher. Also storage and carrying costs of inventories tend to be lower when the turnover is high.

Low cost of acquisition and possession :

If materials are handled and stored efficiently, their real cost is lower. Acquisition and possession costs are low when the receiving and stores operate efficiently. They are also reduced when shipments are received in relatively large quantities (thereby reducing the unit cost of handling) but naturally are increased if average inventories are boosted with the large shipments.

Continuity of supply :

When there are disruptions in the continuity of supplies, excess costs are inevitable. Production costs go up, excess expediting and transportation costs are likely to occur and so on. Continuity of supply is particularly important for highly automated processes, where costs are rigid and must be incurred even when production stops because of lack of materials.

Consistency of quality :

The materials department is responsible for the quality only of the materials and service furnished by outside supplies. The manufacturing department is responsible for quality control of manufacturing processes. When materials purchased are homogenous and in a primitive state (i.e. sand) quality is rarely a problem for material personnel but when the product is in a highly advanced stage, of manufacture, and specifications are tremendously large for suppliers to meet consistently, then quality may become the single most important objective of materials management.

Low pay-roll costs :

This objective is common to every department in the organisation. The lower the pay-roll, the

higher the profits—all other factors being equal. But because no department can do its job without a pay-roll, the objective of pay-roll must be viewed in proper perspective. It pays to spend Rs. 10 on additional pay-roll if earnings can thereby be boosted by Rs. 11 through achieving other objectives.

Favourable relations with suppliers

A business enterprise's standing in the community is, to a considerable degree, determined by the manner in which it deals with its suppliers. A cooperative with a good reputation in suppliers relation is more likely to attract customers than the one with a bad name.

Suppliers can also make a direct contribution to the organisation's success. Their product development and research efforts can be of significant assistance to their customers.

One of the major problems of materials management is the sudden shift in the demand for materials requiring either rapid cancellation of existing commitments or extra output to prevent shortage. A carefully cultivated supplier can do much to help the materials manager in such problems.

Development of Personnel

Every department in an organisation should be interested in developing the skills of its personnel. Each department head should devote special efforts to encourage the men in junior posts, who have the leadership potential, to come up. They should try to develop the high potential men as the organisation's future executives because the organisation's future profits depend on the talents of its future managers.

Good Records

Paper work is a means to an end, not an end in itself. So it may be surprising that good records are considered a primary objective of materials management.

Records are necessary and useful and they help materials personnel do a better job in planning, decision making and control areas.

Good, intelligent, week-kept records also partly remove the onus of suspicion from a completely honest individual working at a job that is popularly associated with graft and corruption.

Secondary Objectives :

The secondary objectives can not be precisely defined for their scope and meanings transcend more than one function. Among the more common ones are :

Reciprocity

New materials and products

Economic make-or-buy decisions

Promotion of standardisation

Product improvement

Good inter-departmental relations, and

Accurate and economic forecasts.

Reciprocity

When an organisation deliberately buys from its own customers as much as possible, it is practising reciprocity. Sound reciprocity involves a balancing of the advantages and disadvantages of using one's buying power as an instrument for getting sales.

In the consumer goods industry, reciprocity is really a problem and sales are spread among many users. In producer goods industry, however, reciprocity is a way of business life, particularly among industries where there is little product differentiality and prices are uniform.

New materials and products

Engineering and manufacturing managers are always interested in new products and materials that will help them operate more efficiently and thereby achieve one of their primary objectives. The materials department can help them here.

Economic make-or-buy decisions

Make-or-buy decisions are often sparked by materials personnel since they are the group most intimately concerned with the selection of supply sources. But by no means they are solely responsible. The materials department in its regular review of cost and availability of material of ten will spot the need for new make-or-buy decisions.

Standardisation

The fewer the items that need to be controlled, the simple and more efficient the materials management process becomes. Thus, it is to the selfish interest of materials personnel to promote standardisation and simplification of specifications. They can do so by periodically reviewing stock to weed-out non-standard items and they can promote the incorporation of standard components into the product designs to reduce costs and the like.

Product improvement

This is perhaps the single most important objective of the engineering department. Materials manager can help engineers achieve their design objective more economically by suggesting materials or components that would do better or equivalent jobs at lower costs.

Inter-departmental harmony

The materials department deals daily with every other activity in the business. It can contribute to the success of every other department and

its own success depends on how successful it is in gaining the cooperation of others.

Forecasting

To manage materials well, one must have some conception of the future outlook of prices, costs and general business activity. Some sort of forecast is required. In large companies, professional economists make forecasts that are used for both sales and purchase planning. Materials personnel translate these general forecasts into specific forecasts for the purchase of materials.



A nation's prosperity is sum total of each citizen's work

RETAILING THROUGH RURAL COOPERATIVES

R. S. Umre

THE subject of distribution of consumer articles through cooperatives to hold the price line and to make available essential consumer articles received special attention during the war periods. As a result, number of consumer stores in urban areas have been organised in the past. During the plan period from Second Plan onwards the government formulated special schemes for assistance to cooperative consumer stores in urban areas for the supply of essential consumer articles to people. Some efforts were also made at the level of cooperatives located in rural areas to undertake the distribution of essential articles but no systematic efforts were made in the past. Some assistance was provided by the government on ad hoc basis. The need for developing a system of cooperative rural supplies has come to surface in 1974 onwards when the prices of essential articles rose abnormally. Some of the essential articles also became scarce. Realising the importance of creating an effective and regular channel for distri-

bution of essential consumer articles in rural areas, it was considered necessary to strengthen marketing societies for increasing the the consumer business and also encouraging a large number of agricultural service societies to open fair price shops/retail shops for this purpose.

Organisation

The marketing societies, numbering about 2,000 and 40,000 service cooperatives, are already engaged in the distribution of consumer articles in rural areas. It was considered better to utilize the existing infra-structure for public distribution system in rural areas instead of creating a new one. The advantage of utilizing the existing infra-structure was that some know-how in the distribution trade was already available and that no new sales staff will be required. Moreover, there would not be enough business for independent stores in rural areas to make profit and become viable. Therefore, this work can be done by societies at primary and secondary levels and by branches of state cooperative marketing or state cooperative consumers federations.

Objective

The main objective of development of rural consumer programme is to encourage and assist in the development of rural consumer trade through the existing cooperative structure at the primary as well as intermediate stage. This would increase the total cooperative consumer business in rural areas to Rs. 600 crores in the country as a whole during the last year of the Fifth Five Year Plan and also build up an effective and regular channel of supplies of consumer articles in rural areas. A priority has to be accorded for the coverage of such areas where tribal and hilly people are predominantly staying. Also, it is the weaker sections of the people who are exploited most by the trading community by taking advantage of their weak purchasing power. It is, therefore, necessary that these stores serve the needs of rural people without caring much for profit. As a matter of fact, the spirit of service should precede the profit motive in the matter of distribution of consumer articles by cooperatives in these areas.

Business expansion

At present, the cooperatives in rural and semi-urban areas are engaged in distribution of consumer articles but their business is limited. The financial constraints does not permit them to expand their business. A village consumer store does not become popular because it cannot stock a variety of consumer articles of common use. In order to meet this requirement of funds, the NCDC has envisaged a scheme by which additional share capital assistance to secondary societies is provided to the extent of Rs. 50,000 to expand their business. Each marketing society has to set up a target of expansion during the year and accordingly take necessary steps to achieve the same. The additional share capital received by the society would act as a seed-money enabling it to draw cash credit accomodation from the bank. The bank generally insists on margin money of 40 per cent. In a few cases where the government guarantee is available, only 10 per cent margin money is needed. Thus the bank provides the society with funds to increase its turn-over of sales by rotation.

Finance is the crux of the whole problem. The resources of the society engaged in the distribution of consumer articles are limited. Whatever finance is available with it is used for the activity for which it is available. For example, if a society is dealing in distribution of fertilisers or in procurement activity, that much finance is available. Similarly, for the village society only limited finance for distribution of credit is available and any extra funds needed for distribution of consumers articles becomes a problem. Keeping in view this difficulty, the NCDC in its scheme of finance to cooperatives for distribution of consumer articles provides margin money to enable them to raise working capital funds from the banks. The role of a bank is very important indeed. It not only has to provide funds as and when they are required but also to keep check on their activities. The attitude of the Bank should be helpful and of understanding. It may provide a link between the lower tier consumer stores and higher tier consumer stores/federations.

Apart from the bank, the other cooperative

organisations at secondary level play an important role in the expansion of business. There is need for a close link between the marketing society on the one hand and wholesale consumer stores on the other. This link can further be extended between the marketing society at the primary level and cooperative marketing federation/consumer federation at the state level. The civil supplies departments and commodity corporations where they have been set up, may also see that essential consumer articles are supplied to the primary stores through the established channel.

Active price policy

The pricing policy of a consumer cooperative society should neither passively follow the prevalent market price nor be merely based on the cost price, but it should aim at an active price policy taking the variable factors into consideration. Whilst its ultimate objective should be to obtain most profitable results for its members, but at the same time it should increase the turn-over as well as the growth of the capital resources required for expansion of activities.

Furnishing a retail store

In villages and semi-urban areas it is generally observed that there is no proper arrangement for stocking and displaying of consumer articles. The goods are stored in a manner where there is possibility of mixing up. The stores should have minimum fittings and fixtures like racks, counters, weighing machines, sign-boards, containers etc. Since the society does not have enough funds to buy all these they do not bother for this and *status quo* is maintained. In order, therefore, to enable the societies to have these minimum requirements, the NCDC scheme envisages assistance to the extent of Rs. 12,000 for furnishing a consumer stores at the secondary level and Rs. 5,000 at the primary level. The assistance is in the form of loan and subsidy in the ratio of 75:25. In addition to the proper shopping structure there is a need to have some storage godown which can be constructed adjoining the shop. For construction of a proper storage godown also, the NCDC provides assistance in the form of loan and subsidy to the society.

Supplies to village cooperative stores

The village cooperatives engaged in the distribution of consumer articles would function efficiently if the goods are made available at their doorsteps. It is, therefore, envisaged in the rural consumer scheme of the NCDC that the lead society would purchase transport vehicle and carry goods to fixed points on fixed days in a week. The Corporation provides Rs. 60,000 for purchase of a truck as loan and subsidy in 75:25 ratio. This vehicle would carry goods from the first point of supply to the society's godown and from godown to the village points.

In tribal areas the villages are located in remote corners and it is not possible for people to come to a consumer store which is located at a distant place. It is envisaged that a mobile shop is operated in such areas through which the essential consumer goods are made available to the tribal people. For the purpose, a truck with some in-built fittings may be provided to a central cooperative store to operate as mobile shop in the tribal areas. To begin with, this scheme can be tried on experimental basis and if it works successfully it may be extended further.

Participation by members

The consumer cooperatives cannot show successful results without members participation in their functioning. For this, periodical meetings of members have to be held to explain the programme and benefits that may accrue to them. Such meeting would bring out suggestions from the members for improvement of the working of the society. The consumer cooperative is a field where women can contribute effectively and so their involvement and participation is of vital importance. Even though everybody is a consumer, the housewife usually does the shopping and makes the decision from what to buy to from where to buy and ultimately runs the home. To encourage women to take active part in affairs of the consumer stores, sufficient representation may be given to women in their management.

It should be an endeavour of a consumer store to increase the membership in rural areas.

This would result in larger coverage of rural population and collection of additional share money for increasing the business.

Management training and education

There is no denying the fact that consumer store must run on sound business lines. This can be achieved only when it is managed by trained sales personnel, whether a salesman or a manager. These personnel should have training not only in cooperative principles but also in business techniques. Their integrity has to be above board. They have to keep abreast with the day to day changes in the market operations.

Education of members in the principle and practices in consumer cooperation is considered an essential pre-requisite for the growth and development of stores and thus it is an integral part of the stores activities. Compared to the importance of member education in consumer cooperation, the efforts made in this direction so far are not sufficient. The State Cooperative Unions, at present, are implementing the educational programme for development of members in rural areas. Education in consumer principles and practices form a part of the overall programme of cooperative education. As the focus now is more on development of rural consumer activity, increased attention would have to be given to the consumer education programme in rural areas. Besides, special programmes for educating the members in selected areas will have to be thought of: The problem of educating millions of consumer members in the country is stupendous. All round efforts, both at the government and non official levels, will have to be made to make the schemes a success.

FROM HERE AND THERE

Share capital contribution to cooperative sugar factories

NCDC sanctioned Rs. 137.53 lakhs as loan to the Government of Maharashtra for participating in the share capital of six cooperative sugar factories located at Mula, Vithal, Bhima (Sikandar Takli), Kada, Godavari Manar and Ambejogai SSK Ltd., under the Central Sector Scheme.

The Corporation released Rs. 60 lakhs to the Government of Uttar Pradesh for contribution as share capital of Ramala Sahakari Chini Mills Ltd., Ramala, in district Meerut.

NCDC sanctioned additional loan of Rs. 16 lakhs to the Government of Andhra Pradesh towards share capital participation in Cuddapah Cooperative Sugars Limited. The Corporation has already rendered grant-in-aid of Rs. 10 lakhs to this factory.

NCDC released a loan assistance of Rs. 104.60 lakhs to the Government of Gujarat towards contribution for share capital of Sayan, Valsad and Talala cooperative sugar factories in the State.

Assistance to cooperative marketing units

The Corporation sanctioned Rs. 65 lakhs to Haryana State Cooperative Bank Ltd., Chandigarh for financing the establishment of an integrated cotton-seed processing complex at Fatehabad by the Haryana State Cooperative Supply and Marketing Federation Ltd., Chandigarh.

NCDC sanctioned Rs. 75 lakhs to the Government of Kerala for participating in the share capital contribution of the Kerala State Cooperative Marketing Federation Ltd., Calicut. This amount would be used as margin money for raising working capital from banks to undertake procurement and marketing of black pepper, raw cashewnuts and copra.

NCDC sanctioned Rs. 34 lakhs to the Government of Kerala for assisting the Kerala State Cooperative Rubber Marketing Federation

Ltd., for undertaking marketing of rubber and towards cost of preparation of techno-economic feasibility report for manufacture of rubber rollers and camel back rubber.

The Corporation sanctioned Rs. 11.591 lakhs to the Government of West Bengal for assisting 10 jute marketing societies for setting up of jute baling units and transit godowns.

Assistance for spinning mills

NCDC sanctioned Rs. 48.50 lakhs to the Government of Uttar Pradesh towards reimbursement against its release to the Hafed Spinning Mills at Hansi.

NCDC sanctioned Rs. 26.34 lakhs for assisting the Cooperative Spinning Mills Ltd., Bulandshahr for their expansion programme.

The Corporation sanctioned Rs. 9.25 lakhs to the Government of Maharashtra for assisting the Jawahar Sahakari Kapus Utpadak Soot Girni Ltd., Latur ; Rs. 9 lakhs to the Government of Orissa for assisting the Kalinga Weaver's Cooperative Spinning Mills, Dhankanal ; Rs. 7.16 lakhs to the Government of Maharashtra for assisting the Deccan Cooperative Spinning Mills Ltd., Ichalkaranji and Rs. 4 lakhs to the All India Federation of Cooperative Spinning Mills Ltd. for enlargement and diversification of its activities.

Assistance for marketing and distribution activities

NCDC sanctioned Rs. 8.475 lakhs to the Government of Himachal Pradesh and Rs. 3.50 lakhs to the Government of Rajasthan, for providing financial assistance to cooperative marketing societies in their respective states to enable them to expand their business operations.

For assisting the Assam State Cooperative Marketing and Consumers Federation in their marketing and distribution activities and for assisting the Haryana State Cooperative Supply and Marketing Federation in their business in procurement of foodgrains, cotton and distribution of consumer goods, the NCDC sanctioned Rs. 20 lakhs

and Rs. 46 lakhs respectively to their state governments.

For assisting the Girijan Cooperative Corporation Ltd., Visakhapatnam in their business in procurement/collection and marketing of agricultural commodities and minor forest produce and distribution of consumer articles, NCDC sanctioned Rs. 20 lakhs to the Government of Andhra Pradesh.

Assistance for construction of rural godowns

The National Cooperative Development Corporation rendered financial assistance of Rs. 109.375 lakhs to the Government of Uttar Pradesh for assisting construction of 500 rural godowns by the primary agricultural multipurpose cooperative societies at a total cost of Rs. 175 lakhs.

The Corporation sanctioned Rs. 7.65 lakhs to the Government of Assam towards construction of 34 rural godowns having 150 tonnes capacity each and Rs. 4.63 lakhs to the Government of Manipur for construction of 37 rural godowns of 100 tonnes each.

The Corporation sanctioned Rs. 8.25 lakhs to the Government of West Bengal towards assisting construction of two marketing and 50 rural godowns by 50 cooperative societies in the State and Rs. 10.65 lakhs to the Government of Orissa for construction of 62 rural and 32 marketing godowns.

NCDC granted Rs. 4.03 lakhs to the Government of Madhya Pradesh for the establishment of 28 rural godowns and Rs. 7.66 lakhs to the Government of Karnataka for construction of 42 rural godowns.

Establishment of rice mills

NCDC sanctioned Rs. 7.05 lakhs to the Government of West Bengal for establishment of six cooperative rice mills in the State.

The National Cooperative Development Corporation sanctioned Rs. 1.46 lakhs as loan and Rs. 0.49 lakhs as subsidy to the Government of

West Bengal for modernisation of six cooperative conventional rice mills.

For the establishment of one tonne modern rice mill at Fingeshwar by Rajim Vikas Khand Sahakari Vipnan Sanstha Ltd., district Raipur, the Corporation sanctioned Rs. 4.68 lakhs as loan and Rs. 1.56 lakhs as subsidy to the Government of Madhya Pradesh.

For modernisation of twelve cooperative conventional rice mills in Karnataka, financial assistance to the extent of Rs. 2.73 lakhs as loan and Rs. 0.07 lakhs as subsidy under corporation sponsored scheme has been sanctioned by the NCDC to the state government.

The Corporation sanctioned a loan of Rs. 1.10 lakhs and a subsidy of Rs. 0.09 lakhs to the Government of Orissa for modernisation of conventional rice mills set up by Bargarh, Balasore, Padampur and Rayagada Regional Cooperative Marketing Societies.

Establishment of dal mills

NCDC sanctioned Rs. 8.28 lakhs to the Government of Madhya Pradesh for the installation of dal mills by the Gadarwara Cooperative Marketing Society Ltd., district Narsingpur and the Popular Cooperative Marketing Society Ltd., district Betul.

The Corporation also sanctioned Rs. 8.18 lakhs to the Government of Madhya Pradesh for the establishment of dal mills by the Jorhat Cooperative Marketing Society Ltd., Jorhat and the Sohagpur Cooperative Marketing Society Ltd., district Hoshangabad.

For the establishment of rice-cum-dal mill at Bamhani Banjae by the Mandla Sahakari Vipnan Samiti Ltd., Mandla, financial assistance amounting to Rs. 7.56 lakhs has been sanctioned by the Corporation to the Government of Madhya Pradesh.

NCDC sanctioned Rs. 4.08 lakhs to the Government of Rajasthan for establishment of one tonne dal mill by the Suratgarh Kraya Vikraya Sahakari Samiti Ltd., at Suratgarh in district Sriganganagar.

Fruit and vegetable processing units

NCDC sanctioned additional loan of Rs. 7.362 lakhs to NAFED for establishment of a multi-commodity fruit and vegetable processing unit, at New Delhi. The Corporation has already released Rs. 9.128 lakhs to NAFED for the purpose.

The Corporation sanctioned Rs. 6.888 lakhs to the Government of Karnataka for assisting the South Kanara District Horticultural Produce Marketing Co-operative Society Ltd., Mangalore, for establishment of a fruit canning unit at Mangalore.

Fisheries cooperatives

NCDC sanctioned Rs. 1.96 lakhs to the Government of Andhra Pradesh for assisting seven fishermen cooperatives in Medak and Nalgonda districts, nine fishermen cooperatives in Nizamabad district and to the Hyderabad Fishermen Central Cooperative Society Ltd., for purchase of two transport vehicles.

NCDC sanctioned Rs. 4.30 lakhs to the Government of Tamil Nadu for assisting Kanyakumari District Fishermen Cooperative Federation Ltd., Nagarcoil, the South Arcot District Fishermen Cooperative Federation Ltd., Cuddalore, Killai Fishermen Cooperative Society Ltd., Killai and Ramanathapuram District Fishermen Cooperative Federation Ltd., for purchase and supply of fishing requisites.

Margin money for distribution of fertilisers

NCDC sanctioned a term loan of Rs. 9.31 lakhs to the Punjab State Cooperative Bank Limited, on refinance basis for the establishment of a cement pipe plant with a production capacity of 1.60 lakh metres of RCC pipes per annum at village Singhpura, district Patiala by the Punjab State Cooperative Supply and Marketing Federation Limited.

NCDC sanctioned Rs. 100 lakhs to Government of Karnataka to provide this amount to the Karnataka State Cooperative Marketing Federation Ltd., Bangalore towards its margin money requirements for procurement, stocking and dis-

tribution of fertilisers and other agricultural inputs and for marketing of cotton and other agricultural produce etc.

The Corporation sanctioned Rs. 30 lakhs each to the Governments of West Bengal and Haryana towards reimbursement of the amount provided by them to their respective State Co-operative Supply and Marketing Federations for their requirements for procurement, stocking and distribution of fertilisers and other agricultural inputs.

NCDC also sanctioned Rs. 60 lakhs, Rs. 50 lakhs and Rs. 25 lakhs each to the State Governments of Punjab, Bihar and Uttar Pradesh for providing the amounts to their respective State Co-operative Supply and Marketing Federations for their requirements for procurement, stocking and distribution of fertilisers and other agricultural inputs.

Dairy cooperatives

The National Cooperative Development Corporation sanctioned Rs. 13.63 lakhs to the Punjab State Co-operative Bank Ltd., towards reimbursement of the loan assistance provided by the bank to the Hoshiarpur Cooperative Milk Producer's Union for establishment of a milk product plant and a fluid milk plant at Hoshiarpur.

NCDC sanctioned Rs. 62 lakhs to the Punjab State Cooperative Bank Limited on reimbursement basis for assisting fluid milk plant being established by Malwa Cooperative Milk Producer's Union Ltd., at Sangrur. The plant will have an initial capacity of 50,000 litres per day subsequently expandable to one lakh litres per day.

NCDC sanctioned Rs. 18.20 lakhs to the Maharashtra State Cooperative Bank Ltd., for establishment of a milk chilling centre having a capacity of 20,000 litres per day at Babhleshwar by the Pravara Sahakari Dudh Vyavsaik Sanstha Ltd., Pravaranagar.

The Corporation also sanctioned Rs. 29.93 lakhs to the Government of Uttar Pradesh for establishment of ten milk chilling centres by the ten Cooperative Milk Unions in Uttar Pradesh, Rs. 3 lakhs to the Government of Rajasthan for

establishment of a dairy unit by the West Rajasthan Cooperative Milk Producer's Union Ltd., and Rs. 2.395 lakhs to the Government of Andhra Pradesh for setting up a milk chilling centre at Nalgonda.

Poultry feed unit at Surat

NCDC rendered a loan of Rs. 20 lakhs to the Government of Gujarat for the establishment of a poultry feed plant by the Surat District Poultry Farmer's Cooperative Society Ltd., Chalthan in Surat district.

Assistance to consumer cooperatives

National Cooperative Development Corporation sanctioned Rs. 76.58 lakhs to the Government of Uttar Pradesh and Rs. 15.89 lakhs to the Government of Andhra Pradesh for assisting lead and village societies located in the state to increase their consumer business.

NCDC sanctioned Rs. 53.90 lakhs to the Government of Maharashtra and Rs. 9.99 lakhs to the Government of Gujarat to assist cooperative societies located in the states to increase their consumer business.

The Corporation rendered assistance of Rs. 7.85 lakhs to the Government of Himachal Pradesh, Rs. 4.504 lakhs to the Government of Madhya Pradesh and Rs. 2.79 lakhs to the Government of Tripura to assist cooperative societies located in these states to enlarge their consumer business.

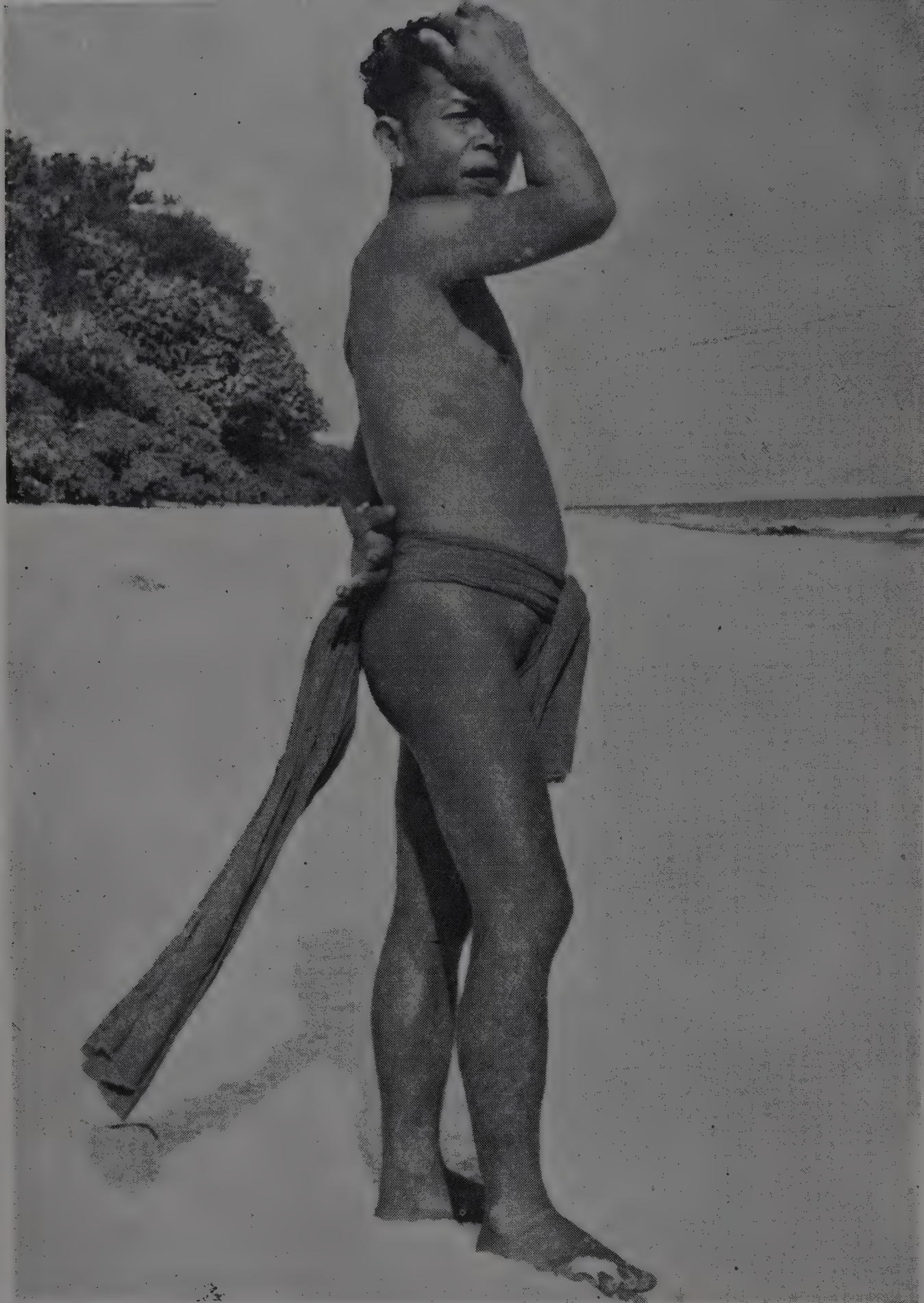
New factories commissioned

Four new cooperative sugar factories namely the Sonapat Sahakari Chini Mills Ltd., and the Karnal Sahakari Chini Mills Ltd., in Haryana, the Vijayarama Gajapati Cooperative Sugars Ltd., in Andhra Pradesh and the Vasant Sahakari Sakkar Karkhana Ltd., Jalgaon in Maharashtra commenced production for the first time. With this, the number of cooperative sugar factories in production has increased to 113 in the country. The NCDC also granted financial assistance to these factories under Central Sector Scheme.

A cotton ginning and pressing unit set up by the Ganganagar Kisan Cooperative Marketing Society Ltd., Rajasthan, with financial assistance of Rs. 12.57 lakhs from the NCDC, commenced production for the first time.

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A tribal from Andaman islands

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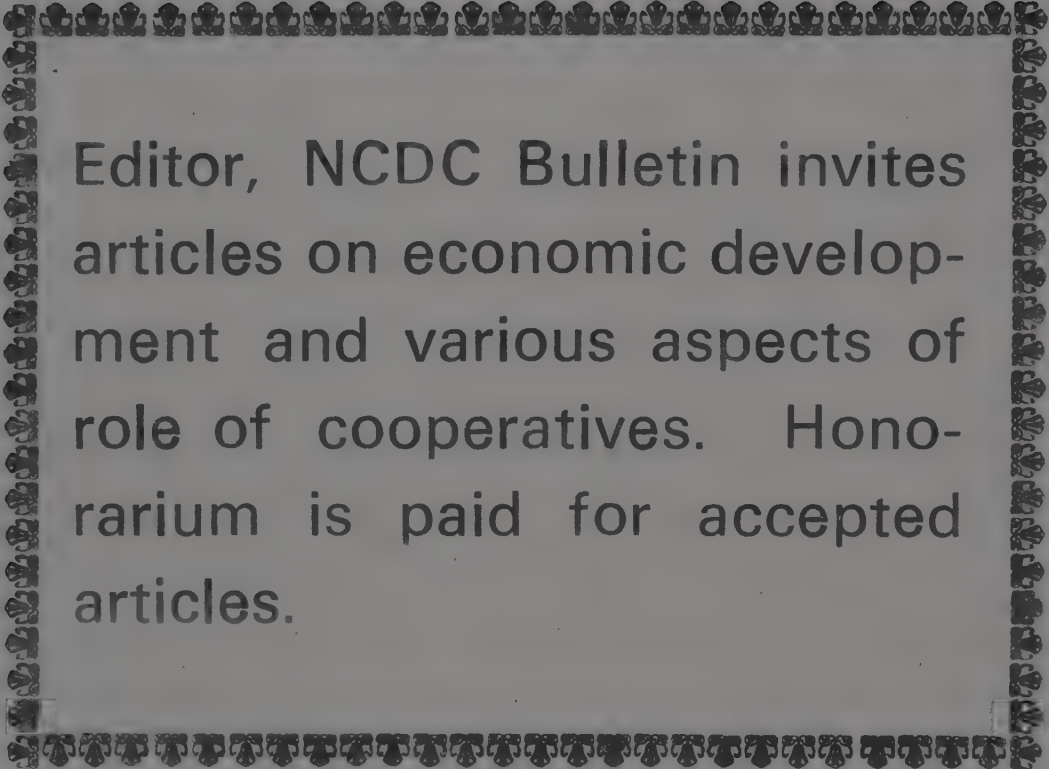
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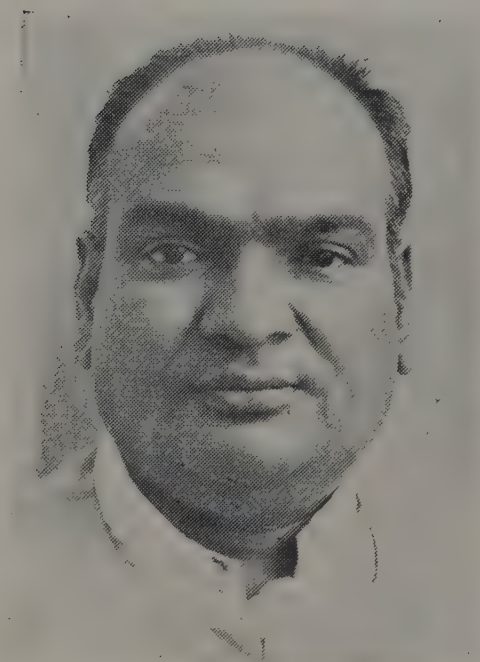
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EDITOR : **N. N. Trehan**

Views expressed in articles published are of the authors and not necessarily of the Corporation.



OUR NEW VICE PRESIDENT

SHRI Krishna Kumar Goyal has taken over as Vice-President of the General Council of the National Cooperative Development Corporation after his appointment as Minister of State in the Ministry of Commerce, Civil Supplies and Cooperation.

Born in Kota, Rajasthan in 1931 (Saka 1988 Sravana vadi 2), Shri Goyal started taking active part in social service activities since his student days. A graduate in Arts and Law, he began practising Law in Kota in 1954. He was elected as Councillor of the Kota Municipal Corporation in 1959. He was first elected as a member of the Rajasthan Legislative Assembly in 1962 and again in 1967 from the Kota constituency. From 1964 to 1971, Shri Goyal was an active member of the Public Accounts Committee, Rajasthan Assembly.

Shri Krishna Kumar Goyal is well-known not only for his gentle nature and simple living, but his quality of brilliant leadership and extraordinary organising capacity have also been fully recognised. He was twice elected as President of Rajasthan Jan Sangh. He also served two terms as General Secretary of Rajasthan Jan Sangh. Shri Goyal's contribution has been highly applauded for the success of Janta Party in winning all the 18 seats in the Kota region in the recent elections.

Shri Goyal has made significant contributions in regional, State and national movements through his active participation, immense organising capacity and brave leadership. He has been detained many times and was detained under MISA from June 26, 1975 to January 18, 1977.

Shri Goyal has come out victorious in a keenly contested election by more than one lakh forty nine thousand votes from Kota constituency and has been elected as a member of Parliament.



COOPERATIVES IN WEST BENGAL

P. V. Shenoi

IT has been now well-recognized that cooperative principles provide a powerful instrument for economic growth with social justice. The strength of the cooperative society is drawn from two roots. In the first place, it is a democratic institution and can truly achieve the greatest good of the greatest number. Secondly, it can pool the social and economic strength of all its members, some of whom may be strong and many others weak. Yet, the weak as well as strong members have an equal voice in the management and development of the society.

It has been seen that in most countries with the predominantly small farms like Japan, agricultural development was possible only with the help

of cooperatives. It is also significant that within India, states like Punjab, Gujarat and Tamil Nadu could make distinct progress in agriculture and create larger employment potential for their rural people because of an advanced cooperative system. In West Bengal also, it is not an accident that districts like Burdwan, Midnapore and Hoogly have the highest farm output and farm employment. These districts have stronger cooperative systems relative to other districts of the State. It is because of the above reasons that support of cooperatives is an integral part of the policy of the State Government.

Progress of Cooperatives in West Bengal

The last four years have witnessed a tremendous increase in the activities of cooperatives in West Bengal. The production credit given to the farmers has gone up from Rs. 4 crores in 1971-72 to Rs. 35 crores in 1975-76. The target of Rs. 61 crores for 1976-77 is within reach. The deposits kept by the people with the cooperatives have gone up by 120 per cent during this period to Rs. 23.3 crores. The long-term finance for shallow tube-wells etc. was only Rs. 88 lakhs in 1971-72. In four years it has risen to Rs. 503 lakhs and the target is Rs. 800 lakhs for 1976-77. Fertilisers distribution rose by 3 times to 90,000 tonnes and the number of cooperative housing units financed rose more than four-fold. The value of consumer goods supplied has also surged by 176 per cent to Rs. 55 crores in four years ending 1975-76. All this has raised hopes that the cooperative system can further contribute to the social and economic development of the state.

Assistance to weaker sections

The cooperative movement has a special responsibility to look after the interests of the weaker sections, who constitute a majority of our population. While the share of production credit given to small and marginal farmers is around 33 per cent for the country as a whole, it is more than 50 per cent in West Bengal. In order to facilitate enrolment of small and marginal farmers as members of cooperative societies, the law has been amended to give them automatic membership as soon as they make applications. Primary credit

societies and district central banks are given a special subsidy to encourage larger credit supply to small and marginal farmers. The security regulations of Cooperative land development banks have been relaxed to help even a two acre farmer get a loan. If there is a short-fall in the value of security, Government has decided to guarantee the repayment of the loan to the extent of such short-fall in the case of weaker farmers. Arrangements are also being made to disburse consumption loan to agricultural labourers with no land or those with upto half an acre of land.

In order to hold the price line and to give benefit to the weaker sections special emphasis is being given by consumer cooperative societies for distribution of controlled cloth and also of commodities of daily consumption. Special efforts are being made to serve students' hostels and also to meet the requirements of students.

Weaknesses to be overcome

Some of the strong points and achievements of the cooperative sector of the State have been set out on the above lines. But the balance sheet will not be complete unless the liability side is also faithfully represented. There are five general weaknesses and constraints which have come in the way of the fullest development of cooperatives in the State. In order to overcome these a "Panchsheel" has been evolved as described in the following paragraphs.

The first weakness of the cooperatives has been their failure to enrol as members all the persons who are eligible to become such members. For example, only 30 per cent of the farmers are found to be members of cooperative societies in our villages. The first principle of the 'Panchsheel' therefore is to strengthen their membership to cover in the first stage at least a majority of the target group to be served and then to extend its services to all of them.

If all eligible persons have not joined as members, it is not always for lack of information. More often, it is for lack of efficient service in many of the cooperatives. The second of the co-

operative "Panchsheel" calls for efficient business management including application of scientific management principles and generating a reasonable surplus for future expansion of the service. The cooperative is not a charitable organisation but a business entity, with a social purpose. It has to be cost-conscious and efficiency-minded. Whatever be the business transacted by the cooperative, be it credit or distribution of credit or inputs or sale of consumer goods or creation of housing facilities, it has to be done efficiently on time, at a minimum cost and in competition with the business world outside. Government is willing to be a partner with the cooperatives in these efforts by contributing share-capital and extending loans and subsidies in appropriate cases.

The third weakness seen in cooperatives is the lack of efficient financial management. In order to overcome this, cooperatives should render prompt accounting and auditing, realise all dues efficiently and meet all obligations fully. It is a matter for gratification that as against a recovery of only 20 per cent of the agricultural credit in 1971-72, the cooperators of West Bengal have responded magnificently to the challenge and have taken a lead in the country in 1975-76 by recovering 83 per cent of the agricultural credit disbursed.

As stated earlier, cooperatives are basically democratic institutions, but unfortunately in many societies deficiencies have been noticed such as, failure to hold timely annual meetings and elections and failure to take decisions democratically in Managing Committees and Annual General meetings. The law had to be amended to provide for stringent action as a deterrent against these tendencies which initiate against the fourth point of of the "Panchsheel" democratic management. Fortunately, there has been a considerable improvement in the situation in the last four years.

The cooperative movement is a mass movement and embraces noblest ideals of mankind. These ideals have to be propagated and their efficacy demonstrated. Given will, enterprise and adherence to the "Panchsheel", every society can become as notable as the Anand Milk Union which produced the world famous Amul dairy

products. This requires cooperative education and extension and cooperation between cooperatives. The district cooperative unions are slowly gathering momentum to fulfil this basic need.

Conclusion

The cooperatives of West Bengal can rise to great heights and fulfil the expectations if these five weaknesses can be overcome. Their spectacular achievements in the last four years have been mostly due to a sincere effort to overcome these weaknesses. The first Prime Minister of India, Pandit Jawaharlal Nehru had expressed a desire to convulse the country with the cooperative principles. The key for conversion of his dream into reality is in the hands of cooperators of West Bengal, and the State government as a partner in this peoples' movement is committed to assist it in every possible way.



* *Courtesy : Jugantar Calcutta.*

Many religions, one nation : Let us be proud of it.

THE MIZORAM APEX MARKETING COOPERATIVE SOCIETY LIMITED MARCHES AHEAD

Sapbawia

THE Mizoram Apex Marketing Cooperative Society Ltd., came into existence in 1974. Being a State Level Society, it is linked up with all Service Cooperative Societies and other types of Societies are also supposed to affiliate themselves with it. The main object of the Society is to procure agricultural produce of Mizoram through the Service Cooperative Societies and marketing the production thereof outside the State to the best advantages of the cultivators.

Before the formation of this Society, there was no organised Agency for marketing agricultural produce in the territory. As a result, the cultivators were compelled to sell their produce at a very low rate to private traders. This led many cultivators to leave their crops unharvested occasionally.

Ginger is abundantly grown in Mizoram. There is not much scope of marketing the commodity within the territory. Due to its perishable nature a large quantity always rotted for want of proper marketing facilities. Besides Ginger, Mizoram can produce large quantities of cotton, sessamum (til), chillies, turmeric and soyabean, if adequate facilities for marketing these can be provided.

The Mizoram Apex Marketing Cooperative Society started procurement of ginger in 1974 in collaboration with NAFED. This resulted in marked increase in ginger production and cultivators are now happy in disposing the produce at the high rates offered by this Society. The progress of ginger production and its marketing is apparent from the following table :

Year	Quantity procured (in Qtl.)	Capital involvement
1974-75	500	Rs. 66,000
1975-76	11,906	Rs. 16,06,000
1976-77 (till 30-5-77)	30,400	Rs. 36,14,300

Besides the marketing of agricultural produce, the Society has taken up business of distributing essential commodities on wholesale basis to Service Cooperative Societies. It also runs retail stores at Aizawl, the capital of the Territory and at Saiha in Chhimtuipui district. These retail stores are playing an important role in checking the rise in prices of various commodities.

The Society has also taken up the agency of Assam Oil Company for distribution of petroleum products in Mizoram. It has opened six depots in important towns and intends to open more. The yearly capital involvement on this activity would



Marketing of ginger by the society.

come to Rs. 20 lakhs.

At present, the Society possesses one truck (TMB) and one oil tanker. Two more trucks are expected to be acquired soon. In view of the increasing business, the Society has resolved to purchase three more trucks and one tanker.

The Society has not only made an impressive beginning but has achieved considerable progress in its activities. Helping hands have been provided by the Apex Society to all affiliated societies, which has helped in solving the day to day problems of the Mizo people.

FINANCIAL STRUCTURE AND PROBLEMS OF MARKETING COOPERATIVES

Dr. G. S. Kamat

FINANCE is one of the most important inputs required to carry on any economic activity. Irrespective of the form of organisations, considerable planning and imagination has to be employed in regard to raising of financial resources at the required scale and as far as possible at the minimum cost. Finances are required for (1) long-term purposes such as for promotion and completion of projects of capital development nature that sustain the current economic activity on more efficient lines and (2) short-term purposes to meet the day to day working capital requirements of the organisation. Different sources have to be tapped for raising these two types of finances. As their costs vary from source to source a judicious combination of resources has to be secured in order to contain the costs of financing and at the same time avoid any starvation on account of lack of financial resources at any point of time. Any failure on these accounts may well be both cause as well as effect of the downfall of the organisation. Even a cooperative organisation has to show reasonable surpluses for its growth and development and therefore an economic approach to raising of financial resources and efficient management of these resources on a continued basis should attract concerted attention of the organisations like the cooperative marketing societies.

Cooperative Character of Financial Involvement

In case of a cooperative organisation, apart from the core management principles influencing financial management, there are desirable cooperative principles which should also find a reflection in the financial structure and operations of the organisation. Thus, for example, the beneficiary members must have sizable stake in the finances of their cooperative organisation. The size of the share capital, therefore, of a cooperative organisation indicates the stake of members and their eventual loyalty to the organisation. The self-reliance on the part of the members helps to bring down the cost of financial management. This is a must for cooperative organisation because, by and large, it is owned by the relatively weaker sections. Since profits do not constitute the sole objective of a cooperative organisation all surpluses generated

incidentally and through intelligent decision-making are expected to strengthen in principle the internal resources of the cooperative organisation. These are again available for reimbursement and they substantially contribute to bringing down the cost of financial management. Even after securing this there would still be need for mobilisation of resources and in keeping with the principles of thrift in cooperation the members savings and deposits should find their way to the cooperatives. This source is relatively cheaper than raising resources by way of borrowings from the financing agencies-cooperative banks, commercial banks, etc. The cooperative and other financing agencies would be naturally advancing money as and when required by the cooperative marketing organisations on commercial terms and against acceptable tangible security. Even then, the basic financial strength of the cooperative marketing organisation as indicated by the share capital and reserves would go a long way in determining its capacity to raise finances from the open market.

Government Aid

In a developing country like ours, where marketing cooperatives have to start their business at a low level because of their inherent weaknesses, it has become imperative for the government to contribute to their share capital to enable them to raise additional financial resources from outside sources. This State assistance should be viewed as a temporary feature and a liability to be repaid over a period. The basic requirement of strengthening the owned financial resources of cooperatives cannot be overlooked. The financial structure of marketing cooperatives in India has to be viewed against the above background. There are about 3200 primary marketing cooperatives functioning in important markets and supporting about 369 district and regional marketing societies, 24 state-level cooperative marketing federations and a national federation at the top. Further there is an inter-state commodity marketing federation. Although, the structure is formally complete, the record of marketing cooperatives on the financial front indicates their obvious weakness. These financial weaknesses as could both be cause and effect of the marketing cooperatives.

Primary Marketing Societies

The total share capital of the primary marketing societies in the country has no doubt been showing a gradual increase over the period. It stood at Rs. 3390.81 lakhs in 1972-73. However, most of the share capital appears to have been concentrated in the seven states of Karnataka, Maharashtra, Andhra Pradesh, Tamil Nadu, Madhya Pradesh, Orissa and Uttar Pradesh (75 percent). This has been so in spite of the fact that 2539 societies were State-partnered and the state share was of the order of Rs. 2231.60 lakhs in 1972-73. Primary societies having State partnership above 80 per cent were concentrated in the States of Bihar, Madhya Pradesh, Tripura, Kerala, Maharashtra, Tamil Nadu, Uttar Pradesh and Rajasthan. The State Government's contribution was about 65 percent at the end of 1973. Figures over the selected years of 1965-66 to 1972-73 also show that the members contribution to share capital of primary marketing societies has varied from 36 percent to 33 percent.

If a look is taken at the average share capital per marketing society, then the weakness of the primary marketing structure becomes all the more obvious. In 1972-73, for which the latest figures are available, the members contribution was Rs. 37,000 and the government's contribution was Rs. 86,000. The imbalances and inter-state variations are very clear and this has naturally reflected in the level of total turnover recorded by the primary marketing societies. A third of the total number of primary marketing societies were not doing marketing of agricultural produce. Another third had a business of less than Rs. 5 lakhs. Only 696 societies (21 percent) had a turnover of Rs. 10 lakhs. Out of 3200 primary marketing societies, only 57 percent were running in profit and about 30 percent incurred losses. 13 percent societies had shown neither profit nor loss. In addition to various other reasons, it may be reasonable to conclude that lack of additional financial resources due to basic financial weaknesses of these societies must have been equally responsible for their inability to record turnover at the desirable level. The Dantwala Committee on Cooperative Marketing, as early as 1966, had prescribed a turnover of the order of Rs. 30 lakhs per year

per society. The picture against this criteria of viability appears quite disappointing.

In order to strengthen the primary marketing societies, the State Governments have been contributing in an increasing measure to their share capital on Government account. The usual ratio appears to be 2 : 1; although at the individual unit level this might be further on the higher side. With whatever business that is available for the marketing societies which is mainly on account of procurement of foodgrains on government account and fertilisers and distribution of consumers goods in rural areas—the primary societies have been recording a small increase in their owned funds. But the same serious inter-state variations are noticed here also. The available owned funds of primary marketing societies for the country were Rs. 1.82 lakhs. Although in case of Tamil Nadu, Karnataka, Maharashtra, Gujarat, Madhya Pradesh they have varied from Rs. 4.37 lakhs to Rs. 97 lakhs, this has helped to increase the working capital available for these marketing societies.

State Marketing Federations

All the state cooperative marketing federations have been state-partnered. The contributions of the membership have not been substantial as they are themselves basically weak while larger responsibilities are cast on the federations. This has compelled the State Governments to contribute more and more to the share capital of the marketing federations. There is no ratio practically laid down between the Government and membership contribution of these federations. Interestingly enough the contribution of the State Government to the share capital of the federations has gone up from 88 percent in 1965-66 to 92 percent in 1972-73. Correspondingly the members contribution has come down from 12 percent to 8 percent during the same period. Thus serious inter-state variations are there in the share capital of the state marketing federations. For example, in Jammu & Kashmir, Himachal Pradesh, Nagaland, Tripura, Manipur and Delhi it was less than Rs. 10 lakhs each. While each of the nine states of Maharashtra, Andhra Pradesh, Gujarat, Haryana, Madhya Pradesh, Karnataka, Punjab, Tamil Nadu and West Bengal have Rs. 100 lakhs and above

as share capital. The government contribution was the highest in Orissa—99 percent.

Reserves and other funds of the state marketing federations have, no doubt, been showing a gradual increase. 18 federations have recorded profits in 1972-73 and three federations sustained losses during the same period. Most of the profits were earned out of business of handling of agricultural produce and distribution activities.

Revitalisation

Now a revitalisation programme has been taken up on a selective basis with the help of the NCDC assistance. The Cooperative Department of the concerned States have been mainly responsible for implementation of this programme. The focus of the programme, however, appears to be on provision of additional financial assistance to the marketing societies for their revitalisation. It would be rather desirable to link them more actively and in an integrated manner to the respective federations. The real way to their recovery must be found through increased business operations and not mere pumping in of additional money. Generally, greater insistence on linkage of primary marketing societies to the State Federation and in turn to NAFED for handling business on a more increasing scale is required. The total financial resources available for the structure may thereby be put to more profitable use.

The integrated structure would be able to raise better both long-term financial resources and short-term finances from the various financing agencies such as the IDBI, IFC, NCDC, Cooperative and Commercial Banks. Today, it appears even for diversification of operations on an adhoc basis individual units are taken up for financing without looking fully into their financial position for development of business on an integrated basis. In the case of projects for production of granular mixture or organisation of processing activities, cold storage etc., linkage with members and high level cooperative marketing organisations are not adequately emphasized. Thus, once finance is given for conducting any of these activities, the entire unit is left on its own. This has been one of the reasons responsible for locking up of long-

term funds of the financing agencies in various projects that are still under construction or that have already been completed but not working fully or efficiently. This has not only choked up the channel for necessary additional funds for the concerned society but has added to the burden on account of overdue repayments in respect of instalments and interest on principal amount. There is clearly a need for taking a more scientific look on the schemes providing block funds for various project activities of the marketing organisations, whether these are working at district, regional or at the state-level. Eventually the sources of working capital also get dried up for such organisations and this results in an overall stoppage of business operations on various accounts. Number of examples are available around and may not require specific mention of any of these.

Perspective

The marketing societies are expected to handle agricultural goods worth Rs. 1900 crores and inputs worth Rs. 1600 crores by 1978-79. There may be variety of other business operations which the societies must also in the course of time handle as expected of them. While, this is a total share allotted to the cooperative marketing sector in the country but the progress should be evenly spread throughout the country. A better planned lay-out for the cooperative marketing structure within the states would ensure larger achievements with rela-

tively less financial allocations if the structure is involved in financial planning, budgeting, etc., in an integrated manner. After all, with financial resources alone, the potential available for business can be exploited. Balanced financial structure, supported by the other human and material inputs of management, would enable the cooperative marketing structure in this country to present a better picture in regard to organisation and development of agricultural marketing in the country.



Courtesy keeps everyone happy.

NEWLY CONSTITUTED ADVISORY COMMITTEE ON COOPERATIVE OILSEED PROCESSING INDUSTRY MEETS IN NEW DELHI

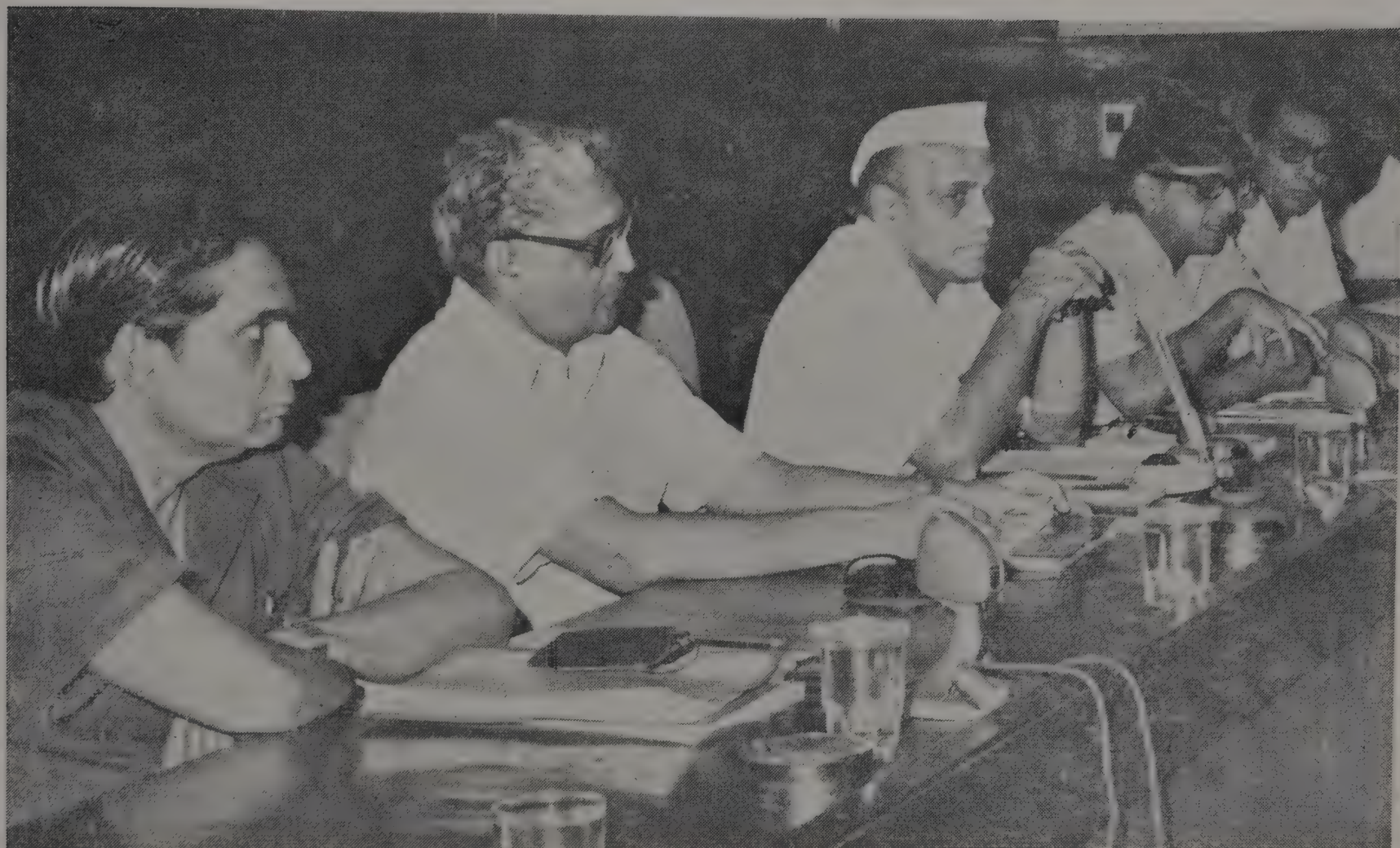
THE first meeting of the Advisory Committee on Cooperative Oilseed Processing Industry constituted by the National Cooperative Development Corporation was held at New Delhi on August 1 & 2, 1977. It was inaugurated by Shri Mohan Dharia, Union Minister for Commerce, Civil Supplies and Cooperation. The Secretary to the Department of Civil Supplies and Cooperation, Government of India, participated alongwith representatives from many states.

The Hon. Minister in his speech, had raised two important points; one relating to the tie up of the cooperative oilseed processing units with the growers for the purchase of raw material; and the second relating to the need for marketing the finished products of the oilseed processing units through the consumers cooperatives/public distribution system.

It was noted that, while in the case of some of the units, particularly those in Gujarat, a tie up of the oilseed processing units with the growers for purchase of raw material has been existing for the last many years. In the rest of the units this arrangement was lacking. The Advisory Committee was of the view that all efforts should be made by the units to ensure that they purchased a major portion of their raw material from the growers so that the benefits of the unit go generally to the growers and specially to the members. The Advisory Committee made the following concrete suggestions for implementing the above mentioned decision :

- (a) Cooperative oilseed processing units should provide extension service to the growers to help them increase the yield of oilseeds;
- (b) Support price operations in respect of oilseeds should be entrusted by the Government to the cooperative sector. This would enable the cooperatives to purchase oilseeds from the growers and also reap the benefit of better prices;
- (c) The system of pooling of oilseeds by the members with the processing unit which is prevalent in the oilseed processing units in Gujarat State may be introduced in

other units as well. It was pointed out that a number of directives of the RBI were impeding the smooth working of the pooling system. The National Cooperative Development Corporation may study the restrictive features of the RBI's instructions on the subject and take up the matter with the RBI suitably;



Shri Mohan Dharia, Union Minister of Commerce, Civil Supplies & Cooperation inaugurating the meeting. Seated on his left are Shri R. V. Gupta, Managing Director and Shri R. D. Bedi, Director, N.C.D.C. To his right are Shri B. D. Thaper, Secretary, and Shri B. K. Sinha, Chief Director, Ministry of Civil Supplies and Cooperation.

- (d) The basic solvent extraction plants, specially those based on groundnut cake should instal oil mills also so that they could utilise the oilseeds purchased from the grower members;
- (e) Members from Gujarat State pointed out that compulsory levy on oil should not be imposed on the cooperative mills working on pooling system. Under the pooling system the mills were only doing custom work on behalf of the grower

members and the oil belonged not to the mills but to the members;

- (f) Wherever it was necessary to make open market purchases, the cooperative oilseed processing units should make purchases through cooperative marketing societies and not through the traders;
- (g) For the time being the cooperative sector was too small and covered hardly 4 per cent of the total installed capacity of the oilseed processing industry in the country. Cooperative sector was, therefore, not in a position to exert the needed healthy influence, oriented towards the growers. So the cooperative sector should be enlarged sufficiently, through preferential licensing and other measures; and
- (h) In case of units facing paucity of working capital, the National Cooperative Development Corporation may in suitable cases provide additional margin money assistance so that the units could work to the optimum capacity and provide full benefits to the growers.

Regarding the second point of tying up the sales of products with the consumer cooperatives, the Advisory Committee recommended that such a tie up is essential and all the units should be prepared to sell their products through the consumer cooperatives/public distribution system. The Department of Cooperation in the Ministry of Civil Supplies and Cooperation should also use their good offices to ensure that consumer cooperatives give preference to the sale of cooperative sector products. The Ministry should also help the consumer stores in building up bulk storage tanks for storing edible oil wherever necessary.

Some more recommendations were made by the Committee which emerged from discussions of various agenda items.

The Committee reviewed the working of the cooperative oilseed processing units and noted that some of the units were not working to their optimum capacity and were incurring losses. It was also pointed out that in the case of some units

excessive expenditure on administration, labour or solvent use was contributing to higher conversion cost. The Advisory Committee made the following specific recommendations :

- (i) The NCDC technical officers should study the working of some of the units and lay down norms of optimum operation in the technical, commercial and operational fields so that the same could serve as guidelines for the units;
- (ii) The units should exercise financial controls on each and every item of expenditure so that the costs are cut down to the barest minimum without affecting the efficiency of the units. Cost control measures should be invariably discussed in every meeting of the Board of Management of the unit;
- (iii) The unit should make all-out efforts to ensure optimum use of their capacities; and
- (iv) The cooperative departments should conduct regular inspections of the units and among other things, check whether the above guidelines were being followed or not. Copies of the observations may be supplied to the National Cooperative Development Corporation as well.

The Advisory Committee also recommended that it would be useful to collect, disseminate and publish information relating to the activities of the cooperative oilseed processing units.

The Advisory Committee approved that the oilseed processing units should introduce schemes of oilseed development. The Committee also recommended that on a selective basis the National Cooperative Development Corporation may also provide financial assistance for carrying out the schemes in the initial years.

The Advisory Committee noted that the cooperative oilseed industry has been engaged in the export of extractions for the last several years. Remaining within the Government policy regarding export of oilseeds and products, there was

scope for further increasing the export. Specific recommendations in this connection were made as under :

- (i) At present rice bran was being used for poultry feed. It was a sheer wastage to use the rice bran as feed without extracting oil out of it. In order to stop this wasteful practice, the Government should impose a ban on the use of rice bran as feed. All rice bran should, in the first instance, be made available to the solvent extraction units. Only the rice bran extractions should be used as feed.
- (ii) The Government should impose a ban on the export or direct use of oil cake as cattle feed. Only the extractions should be permitted to be used as cattle feed; and
- (iii) Whenever the ban on the export of HPS groundnut is lifted all export should be made through NAFED rather than through IOPEA.

The need to delegate sufficient authority to the chief executives of the oil mills to improve their performance was considered as a desirable step.

The efficiently-run cooperative oil processing units should be prepared to render technical and professional assistance to the newly organised units. A free inter-unit exchange of technical and professional experts was recommended.

The text of the Inaugural Speech Shri Mohan Dharia, Union Minister for Commerce, Civil Supplies and Cooperation is as follows :

Friends,

In view of the importance attached to edible oils, I am glad the NCDC has convened this meeting of the Oilseed Advisory Committee. All of you are involved with the functioning of oilseed processing plants, and have a direct contribution to make in increasing production and productivity. I would, therefore, like to share some of my thoughts with you on this occasion.



As an article of mass consumption, edible oils constitute the second most important item after foodgrains in a common man's diet. Increased demand for edible oils is, therefore, inevitable and has to be matched by efforts to step up production. Unfortunately, except in isolated years, the production has fallen short of requirements. There is need for a deeper analysis of the reasons for this shortage. Increased productivity per unit area is a function of improved technology (seeds, fertilisers, etc.) and a fair price for the produce to the farmer. Unlike wheat and paddy, where we have made a major break through in seed technology, there has been no commensurate achievement in the oilseeds sector. Similarly, the phenomenon of a decline in the price of oilseeds in the post harvest period, followed by a subsequent rise in the off-season, has put the farmer at a disadvantage. I would, therefore, like you to consider oilseed processing plants, not merely as processing units, but as agencies for developing an efficient production and marketing system for oilseeds and edible oils.

With assistance from the National Cooperative Development Corporation, the cooperatives have made a beginning in the field of oilseed processing, which till now was the close preserve of the private sector. I am informed that the National Cooperative Development Corporation has sanctioned assistance for 31 integrated oilseed processing units of which 18 are in production, and some are at an advanced stage of installation. I have also noted that the National Cooperative Development Corporation has a programme of financing an additional 30 to 40 plants, based mainly on cottonseed and other non-conventional oilseeds; so as to increase the overall share of the cooperatives in the oilseed processing business to about 8 per cent. Once this programme is carried through, I would expect the cooperatives to act as a stabilizing force in the market, both in respect of price and availability. A specific point I would like you to consider is the marketing of the entire cooperative production of raw or refined oil, either through consumer cooperatives, or other public distribution agencies. This would help in controlling the prices of edible oils, thus providing relief to the common man.

For a cooperative to be successful, it should have a close transactional link with its members. Specifically, in relation to the oilseed sector, the society should arrange for extension services in crop cultivation, as well as in giving a fair price for the produce, particularly in the immediate post harvest period. In other processing sectors, such as sugar, where such a link has been effectively established, the results have been very encouraging.

From the agenda notes I find that, although many of the oilseed processing units have achieved a fair degree of efficiency, there are some which have consistently been under-utilising their capacity. In the national context, where capital is a scarce resource, optimum utilisation of existing investments is an obvious priority. I also notice that the agenda notes have emphasised a major deficiency of the cooperative oilseeds sector i.e. inefficient management. Efficient management is essential for all industries, but especially so for the oilseed sector which, as you are all aware, has been prone to violent price fluctuations, both in respect

of the price of raw material as well as of the finished product. Added to this, is the fact that cooperatives control a small proportion of the market, and have to face stiff competition from the private trade. The cooperatives must, therefore, equip themselves with efficient and trained personnel so that maximum operational efficiency is maintained in the plants. I would advise the chairmen of the cooperatives present here to persuade their Board Members on the desirability of recruiting persons of ability and competence, and thereafter, to delegate them with adequate responsibility so that they can deliver the goods.

I appreciate the efforts being made by the National Cooperative Development Corporation in bringing you all together on a common platform, and providing you the necessary background material for discussing important issues which have a direct bearing on the efficiency of the units. I hope the discussions would be result oriented. I look forward to receiving a report of your deliberations from the NCDC.

You are aware that production of oil in India received a set back during the current season. The production of groundnut oil has come down from 16.2 lakh tonnes to 12.5 lakh tonnes and that of mustard oil from 7.5 lakh tonnes to 5.5 lakh tonnes. A situation of shortage was thus created and it was further aggravated by the exports of oilseeds which were allowed by the previous Government. You are all aware that even though import licenses of about Rs. 500 crores were issued to private traders, the actual imports were only of Rs. 30 crores. The State Trading Corporation had, therefore, to be geared up and now I am glad to inform you that, we are able to meet not only the full needs of the vanaspati industry but have a spare stock of 60,000 tonnes of rapeseed oil which we are refining and distributing in the main consumption centres. This distribution would also reduce shortage in the rural areas.

For the next oil year starting from 1st November, we have already made arrangements. Apart from taking steps to increase the production we have tied up import arrangements. We will ensure that the vanaspati industry produces 6 lakh tonnes of vanaspati and edible refined oils are also

available in the required quantity over the whole year.

The oilseed processing industry has also a role to play by extracting more oil from the oilseeds. The cooperative sector has also a special role to play not only in the production of oils but also in their distribution. So far as I am concerned, I

have always conceived an important role for the cooperative sector. It is through them that I conceive that we can bring about a social transformation. I will extend all possible assistance from the Government for the development of the cooperative sector and all the constructive suggestions given by this Meeting of the Advisory Committee will receive our closest attention.

STAFF PROMOTIONS AND APPOINTMENTS

1. Shri S. B. Singh promoted as Joint Director (Sugar).
2. Shri D. C. Ahuja promoted as Deputy Director (Processing).
3. Shri Nokhay Lal appointed as Deputy Director (Fertiliser and Inputs).
4. Shri S. K. Batra appointed as Technologist—(Oilseeds) on temporary basis.
5. Shri R. P. Puri appointed as Administrative Officer.

ROLE OF COOPERATIVES IN PUBLIC DISTRIBUTION SYSTEM

Dr. M. S. Patel

THE concept of Public Distribution System does not necessarily mean arrangement for distribution to consumers of only a few essential or controlled commodities on adhoc basis. Of late, it has been felt that it should be a permanent structure and emphasis has been laid on broad basing the system in meaning and content. Public distribution system therefore implies continuous flow of consumer goods of mass consumption at reasonable prices. It has to provide consumer services through fair price shops, cooperatives and voluntary organisations, which are run for common good and remain accountable to the society.

Main Objectives

The broad objectives of public distribution system aims at :

- Maintenance of regular supply of essential commodities to the consumer ;
- Streamlining the distribution of selected essential commodities ;
- Elimination of the distinction and disparities between the rural and urban areas in the distribution of essential commodities ;
- Elimination of mal-practices like hoarding, speculations, profiteering etc. by effective public control ;
- Assured supply of consumer goods, particularly to the vulnerable sections of the community, at reasonable prices ; and
- Economic distribution and in time.

It is not enough that regulatory measures like licensing of a trade or sale of a commodity, checks and controls like anti-adulteration measures, control on pricing etc., are enforced from time to time on the private distribution system. Since the ambit of operation of distribution system is too wide and too large, such measures alone would not bring forth the desired results. If enforced to the hilt, they may prove too costly and unproductive. Therefore, a comprehensive and efficient public distribution system has to be evolved and executed so that it becomes an essen-

tial part of our internal marketing. It will have to be a mass movement with a strong grass-root structure.

If the genesis of the public distribution system in India or for that matter anywhere in the world is considered, the basic need for it arose because of the failure on the part of the existing distribution system to meet the needs of the consumer and to safe-guard the overall public interest in time of shortages. In an emergent situation, the private distribution system tends to exploit. Large number of fair price shops are opened for distribution of some items of essential commodities at controlled or fixed price. These are allotted mostly to private retailers licensed for the purpose and the cooperatives. Under organised economy, it becomes necessary to arrange distribution of essential commodities at fair price for the benefit of the vulnerable sections of the society and to create in that process healthy competition with private trade.

How could this be achieved and what mechanism should be followed? Is it through selective controls or through voluntary efforts or a mixed approach? Should it be for controlling the prices or quality of goods or for distributing only the essential commodities with adequate checks and balances? Should it be Government controlled or through registered society? These are vital problems which face both policy makers and the executives. There are positive and negative aspects of every approach. National level seminars on Public Distribution can help in formulating a sound approach.

In India, the following agencies, are involved in the public distribution system :

- Public Sector Organisations
- Civil Supply Departments/Corporations
- Cooperative Institutions
- Retail stores having licence for running fair price shops and
- A few social welfare organisations.

The role of social welfare organisations in the public distribution system is however negligible. Most of the fair price shops, are owned and controlled by the private trade, though licenced by the Civil Supply Departments. There were about 2.30 lakh fair price shops in the country in 1975-76 for distribution of controlled commodities and important items of essential commodities of mass consumption. These are largely run by retailers. Only a small number of them in urban areas have been allotted to cooperatives inspite of the fact that the consumer cooperatives structure covers, by and large, the entire urban areas of the country with about 14,000 primary stores, 420 wholesale/central stores with about 2600 retail branches, about 150 department stores, 14 State Consumer Cooperative Federations and the Apex Cooperative Consumers' Federation at the national level. In rural areas, due to absence of suitable number of private retail shops, about 51,000 primary agricultural credit/service cooperatives and about 1600 primary marketing cooperatives have been engaged in the distribution of essential commodities. The NCCF, with many wholesale and retail cooperative outlets in the urban and rural areas, has been successfully arranging distribution of controlled cloth made available for distribution. Apart from essential commodities, the consumer cooperatives are distributing other important items in competition with the private trade, particularly, because of their growing capacity of bulk procurement from private and public sector undertakings.

Recently, the bye-laws of the N. C. C. F. have been amended to broadbase the membership to reduce unnecessary tiers in the infrastructure of consumer cooperatives. Similar ideas are attracting the attention of federations at the state level also. The structural pattern would be further streamlined to arrange effective linking with primary marketing cooperatives and village service cooperatives by reducing tiers.

There should be no bar on even efficient stores being deployed to meet this gigantic task if they can deliver the goods. The supply and price line should be covered under public distribution system.

In this field consumer cooperatives should play a vital role through its nationwide network of Super bazars, Wholesale stores, Primary stores in urban areas and Primary marketing and many village Credit service societies in the rural areas. Checks and balances are absolutely necessary for such a challenging task which would cover commodities worth crores of rupees. The fair price shops should be cooperativised where feasible while keeping a scope for competition and not providing a monopoly. More items of essential commodities should be allowed for distribution to make these units viable providing effective service to the consumer. Marketing strams will help them to absorb shocks.

The National Cooperative Consumers' Federation, as a apex body of consumers cooperatives, can play an important and effective role in initiating national schemes with the cooperation of State Federations. For efficient functioning of this system it is very necessary that pooled purchases are made on regional and national basis for which effective linking or coordination will have to be made with public sector corporations like the Food Corporation of India etc. The success will depend upon mutual trust and buyer-seller relations.

There are few weaknesses in the existing system which have to be gradually overcome :

- Lack of good production base
- Irregular supply and shortages
- Supply of inferior quality goods
- Insufficient quota for the rural people and working class, whose consumption needs of essential commodities are comparatively high.
- Wastage of consumer's time at fair price shops due to large cliental.
- Comparatively higher over-head and operational costs for the shops run by cooperatives.
- Shortage of seasoned sales personnel



Thus the infra-structure has to be strengthened for the successful implementation of a highly efficient distribution system. Its success and failure forms the consumer reactions. A structure, fully controlled by government will not meet the needs of the situation. Probably this movement can be stepped up with the aid of a registered society. Efficiency has to be the most essential constituent of the distribution system. Ultimate benefit to the consumer will depend on how economically and efficiently the distribution is managed by reducing tiers, cost and wastages in handling, expenses on transport and storage. This is a complex task when it really comes to physical handling of goods and providing services. For this, the existing channels need not be scrapped or disturbed. The new system can augment and

strengthen the existing system. A detailed blueprint has to be prepared by experts as a plan for operation. The infra-structure available with the NCCF and State Consumers Federations can serve as a nucleus. The Government can aid, guide and support. National level seminars orga-

nised by Indian Institute of Management, Ahmedabad and other institutions, can provide enough background material to build up a sound Public distribution system for a vast country like ours where consumer needs are many and problems of distribution plenty.

NEW PROJECT APPRAISAL AND EVALUATION DIVISION

A NEW Division called "Project Appraisal and Evaluation Division" has been created in the Corporation. The PAE Division will be headed by the Secretary, NCDC, and consist of the Management Consultant, Financial Analyst, Economic Analysts. The main function of this Division will be to examine the technical feasibility and economic viability of new projects, undertake performance evaluation of the units already assisted by the Corporation and advise the state level federations in the fields of management and finance.

DEVELOPMENT OF MACHHIMAR SARVODAYA SAHAKARI SOCIETY LTD., VASAI—A CASE STUDY

M. R. Ramdasi

Background

FISHERMEN have settled on the western coast of Arabian sea, hardly 40 Kilometers from Bombay Fish Market. It is the community of Fishermen, both Christian and Hindu, who have taken to traditional fishing. Since independence efforts were made to modernise the traditional industry by bringing fishermen in cooperative fold. Vasai Machhimar Sarvodaya Sahakari Society Ltd., was organised by three hundred fifty nine members with a share capital of Rs. 3600. The society has made continuous efforts to increase the productivity of members and their earning by providing various services. The main object is to enable the fishermen to manage their business efficiently in the context of changing economic conditions.

Organisation and Working

A group of fishermen jointly manage a fishing boat called Machava for the purpose of fishing activity and share profit and losses proportionately. The society obtains necessary financial and technical assistance from the Government for improving boats and adopting modern equipments. It provides necessary facilities to the members for conducting various operations of their industry.

The society has undertaken following activities :

Supply of industrial goods required by each fishing boat ;

Ice Factory to supply ice to members ;

Transport facilities for carrying the fish to the market ;

Selling the product in Bombay market as well as outside ; and

Supply of consumer's articles at the members door.

These activities are controlled by the Manager on advice of the Chairman and Managing body of the society. Each section has its staff working under the guidance and supervision of section-

incharge and manager. All the employees are mostly local people from the fishermen community and carry on the work of the society with devotion and cooperative spirit.

Financial Position

The society was registered in 1956 by 351 members having a share capital of Rs. 3600 i.e. each member contributing one share of Rs. 10 only. The society has gradually raised membership and capital of individual member as evident from the following table :

Year	Total Members	Member's Share capital	Average share capital per member
1973-74	1528	1,39,650	93.0
1974-75	1584	1,70,230	106.4
1975-76	1593	1,74,050	108.9

The society has also secured financial assistance from the government for raising share capital base for borrowing necessary capital for its various activities. The following table illustrates how the society has built its financial position.

(In Rupees)

Year	Total Share capital	Other Funds built	Total Funds of society	Outside Funds	Ratio of outside fund to own funds
1973-74	4,70,136	2,43,228	7,13,364	20,75,221	2.9
1974-75	4,25,666	3,39,559	8,65,225	25,10,241	2.9
1975-76	8,06,256	4,40,178	12,46,434	30,95,184	2.5

The share capital base has been broadened continuously and various funds have been created out of profits earned by the society from year to year. The total own funds of the society have been rapidly built up by the management and they have borrowed the funds from the bank for working capital as well as for medium term investment. They have collected deposits from the members also and maintained financial stability. The financial soundness has given the society adequate strength to undertake various activities to satisfy



maximum needs of members and to provide adequate facilities for their well-being.

Supply of various articles for fishing activities

The group working on the boats requires fishing nets, spare parts and other equipment of standard quality. To meet these requirements the society has established links with manufacturers or their wholesale agents in Bombay and procures necessary articles. Similarly efforts are made to import some articles out of export business done by the society. During the years 1973-74, 1974-75 and 1975-76, industrial goods worth Rs. 34.05 lakhs, Rs. 37.99 lakhs and Rs. 35.37 lakhs respectively were supplied.

The society has been transacting a sizable business of about Rs. 35 lakhs. Through this activity member secure standard articles at reasonable price at the right time. Thus the fishing activities of the members have increased.

Supply of ice to fishermen

Proper preservation of fish is necessary after the catching operations. The society has extended cold storage facilities to members for preserving the fish. While transporting fresh fish from Vasai to Bombay market by truck, ice is required for preservation of fish. In order to have regular supply of ice in adequate quantity, the society has set up its own ice factory at Pachubandar on the sea shore of Vasai. Thus, members get the facilities for preservation at their doorstep. The activities of the ice factory are indicated in the following table.

Year	Supply (in Rupees)	Profit (in Rupees)	Rate of profit
1973-74	1,89,668	24,721	13.2
1974-75	2,23,968	5,259	2.01
1975-76	2,60,750	292	0.1

The society has been supplying ice at reasonable price even though the cost of electric power has been increased from 11½ paise per unit to 33 paise per unit.

Transport facilities

The fish market is located in Bombay which is nearly 40 Kilometers from Vasai. The perishable commodity such as fresh fish has to be supplied in this market so that better price can be secured by the members. For this purpose adequate transport facilities have been organised by the society. Six trucks and one tanker have been owned by the society. Trucks carry fish to market and the tankers are used for supplying petrol and diesel to the members for their boats.

The society has provided transport facilities at a very cheaper cost in comparison with the cost charged by private owner. The earnings of the society has been very nominal i.e. 6.2 per cent during 1973-74 and 1975-76 and during 1974-75 it incurred a loss. The purpose of these transport facilities is to serve members needs and not to earn profits for the society.

Sales activities

In order to market the fish of primary cooperatives, a federation of Fishermen Cooperatives in district Thana and the State Level Federation of Fishermen Cooperatives in Maharashtra, have been organised. Both the federations have their sales depots in Bombay Market. The society has encouraged the members to sell their produce through these federations. This has benefited the members as shown below.

Fresh fish sales

Year	Sales (in Rs.)	Commission earned (in Rs.)	Rate of Commission
1973-74	21,91,431	11,957	½ per cent
1974-75	33,56,888	16,784	½ per cent
1975-76	41,22,257	20,611	½ per cent

Obviously more and more fish is being sold through cooperatives. The society does this business on 1 per cent commission from federation and out of that income ½ per cent rebate is passed on to the members. The society has also made efforts

for reducing commission charged by the federations.

While effecting the sales, the representatives of Boat group is permitted to decide the price at what the lot should be sold. If he feels the price is not remunerative, the produce is stored in the cold store of the federation. So, the fisherman is extended necessary facilities for selling fish at remunerative price at nominal service cost.

Dry Fish Sales

The small scale operation of catching fish is undertaken by the members from October and this small fish catch is purchased by the society at remunerative price. It is dried and stored for selling during March to June. The following dry fish selling business was done by the society.

Year	Sales in Rs.	Profit earned	Percentage of Profit
1973-74	1,36,728	5,119	3.6
1974-75	5,67,298	13,427	2.3
1975-76	1,27,489	4,156	3.1

Fish dust is also supplied to members which is used as manure. The margin kept by the society is very narrow i.e. about 3% or so.

Export

Certain variety of fish like Vam and Dadha Kota is exported by the society for giving better price to the members. Import licence of the value of 5 per cent amount of total export amount was obtained. During 1973-74, 1974-75 and 1975-76, Bhot quality of fish was exported valued at Rs. 2.23 lakhs, Rs. 3.74 lakhs and Rs. 5.22 lakhs respectively.

The export business has doubled during the three years. It helps to earn foreign exchange and to import spare-parts of Gardner Engine which is considered as one of the best Engines for fishing boats.

Supply of Consumption Goods

The society has planned to meet the daily requirements of fishermen. The supply of rationed and open market articles has been arranged by the society through its head office depot and two branch depots which are close to colonies of fishermen.

Though the earning from this business is nominal and the central depot has incurred losses amounting to Rs. 3,355 and Rs. 2,967 during the years 1974-75 and 1975-76 respectively, yet this business is being carried on in order to serve the members' needs. Gradually the total business of selling consumers goods has been increasing adding to society's income. Thus, it saves their money and energy which can be utilised for their industry.

Management efficiency of the society

The management of the society is very alert to solve the problems of members and encourage them to adopt modern techniques in their industry. The return of each activity of the society in the following table indicates the objective policy of management in running the society efficiently to benefit the members.

Profit and Loss from each activity

(In Rupees)			
Name of activity	1973-74	1974-75	1975-76
Main Head Office			
Depot	65,037	46,662	31,031
Ice Factory Loss	24,721	5,259	00,292
Transport	13,634	5,902	18,347
Dry Fish Sales	05,119	13,427	04,156
Fresh Fish Sales	11,957	16,784	20,611
Kill Depot	10,756	3,530	4,699
Central Depot Loss	6,280	3,555	2,997
Net earning by adjusting previous losses	75,502	70,754	62,757

It may be observed that the society has managed every activity with due care.

Fishermen's Problems

(1) *Gardner Engines for fishing boats* : The mechanical boats have been supplied to the groups of fishermen under the assistance given by UNICEF. These boats have engines which do not stand to the test of fishing in the deep sea. But Gardner Engines fitted with gears of Marine Gardner Engines give very satisfactory service.

(2) *Repair Workshop* : The society has transport vehicles and thirty fishing boats which need regular service for repair of boats as well as engines. For want of services to repair vehicles and boats a great inconvenience is caused to members. The society is seized with this problem and it is considering to establish a work shop for providing repair service immediately at reasonable cost.

Conclusion of Study

(1) It is observed that the management policy of the society was very cautiously planned and executed to develop the society to serve the felt need of the members.

(2) Capital strength of the society was built up with members contribution and Government participation. The financial soundness enabled the society to undertake various activities.

(3) The leadership of the society has exploited

properly the assistance provided by various agencies for development of fisheries.

(4) The society provided facilities for effective fishing and marketing of fish.

(5) Services of Transport, supply of ice and selling through federation were provided at very nominal charge.

(6) The society has educated the members by serving their real needs and secured loyalty of members.

(7) The society has established very close link with State and District Federation of Fisheries Cooperatives for marketing the fish effectively.

(8) The society provided consumers goods through their depots alongwith articles needed for fishing activities.

(9) In order to provide benefits to the members certain activities such as transport, ice supply run at service cost and for satisfying consumption need, the society has incurred losses.

(10) The society has created full awareness among the members about their development and efforts of the society for achieving the same.

These are the lessons to fishery cooperatives and cooperators also for developing cooperative alongwith proper development of members.

Institutions do not work by themselves, They are made by men who run them.

FROM HERE AND THERE

Margin Money for Distribution of Fertilisers

NCDC sanctioned Rs. 20 lakhs each to the Governments of Madhya Pradesh, Andhra Pradesh and Rajasthan for providing the same to their respective Cooperative Marketing Federations to enable them to meet the margin money requirements for procurement, stocking and distribution of fertilisers and other agricultural inputs.

NCDC sanctioned Rs. 25 lakhs to the Government of Uttar Pradesh to provide the same to the Uttar Pradesh Cooperative Cane Union's Federation Ltd., Lucknow for procurement, stocking and distribution of fertilisers and other agricultural inputs.

Assistance to Cooperative Sugar Factories

The Corporation sanctioned a loan assistance of Rs. 59.40 lakhs to the Government of Karnataka for contribution as share capital of Ghataprabha SSK Ltd., district Belgaum and Bhadra SSK Ltd., district Chitradurga.

NCDC also sanctioned Rs. 14 lakhs to the Government of Madhya Pradesh for rehabilitation of Morena Mandal SSK Ltd., Kailaras, district Morena.

Establishment of an Integrated Cotton-seed Processing Complex

An amount of Rs. 90.40 lakhs has been sanctioned to the Government of Gujarat by this Corporation for the establishment of an integrated cottonseed processing complex by Sardar Vallabhbhai Patel Kapasia Udyog Sahakari Mandal Ltd., Idar, district Sabarkantha.

Establishment of Oil Mills

National Cooperative Development Corporation sanctioned Rs. 4.40 lakhs to the Government of Madhya Pradesh towards establishment of an oil mill by Keshkhal Cooperative Marketing Society, Kondagaon.

Coir Cooperatives

NCDC sanctioned Rs. 20.80 lakhs to the

Government of Kerala for assisting towards raising of working capital for procurement of yarn, coir products and supply of husk by four Central Cooperative Coir Marketing Societies at Allepy, Quilon, Cochin and Kozhikode.

Purchase of Transport Vehicles

National Cooperative Development Corporation sanctioned Rs. 2.8125 lakhs to the Government of Rajasthan for purchase of three trucks by the Rajasthan Tribal Areas Development Corporation.

The Corporation also sanctioned a loan of Rs. 1.50 lakhs to the Government of Gujarat for purchase of one truck each by Bhiloda Group Service Cooperative Society Ltd., Bhiloda and Dahod Sahakari Kharidi and Vechan Sangh Ltd., Panchmahal.

Construction of Godowns

NCDC sanctioned Rs. 13.41 lakhs to the Government of Andhra Pradesh for assisting Andhra Fishermen Cooperative Society Ltd., Kakinada towards construction of godowns, boats, transport vehicles and purchase of spare parts, and lubricants.

NCDC sanctioned Rs. 2.32 lakhs to the State Government of Gujarat for assisting construction of eight rural godowns of 100 tonnes capacity each by five group service cooperative societies and three service cooperative societies and three mandi level godowns of 250 tonnes capacity each by three purchase and sale unions in the state.

The Corporation sanctioned Rs. 15 lakhs and Rs. 2.475 lakhs to the Government of Rajasthan towards margin money assistance and for construction of six mandi level godowns by Rajasthan Tribal Areas Development Corporation.

For construction of 253 rural and seven marketing godowns with a total capacity of 2700 tonnes, by Primary Agricultural Cooperative and Marketing Societies, NCDC sanctioned Rs. 50.553 lakhs to the Government of Karnataka.

NCDC sanctioned Rs. 19.875 lakhs to the Government of Andhra Pradesh for assisting construction of 11 godowns for storage of additional leaf and construction of 50 rural godowns cum D. R. Depots by Girijan Cooperative Corporation.

National Cooperative Development Corporation sanctioned Rs. 4 lakhs to the Government of Kerala for construction of 36 rural and two marketing godowns with a total capacity of 4,100 tonnes by Primary Agricultural Cooperative and Marketing Societies and Rs. 2 lakhs to Laccadive Cooperative Marketing Federation for construction of four rural godowns.

Financial Assistance for Fruit and Vegetable Units

National Cooperative Development Corporation sanctioned Rs. 6.888 lakhs to the Government of Karnataka for setting up a fruit processing and canning factory by South Kanara District Horticulture Produce Marketing Cooperative Societies Ltd., Mangalore.

NCDC sanctioned Rs. 3.712 lakhs to the State Government of Himachal Pradesh for expanding the existing bottling capacity of the Himachal Fruit Growers Cooperative Marketing and Processing Society Ltd., Simla.

National Cooperative Development Corporation sanctioned Rs. 0.95 lakhs to the State Government of Himachal Pradesh as margin money assistance for expansion of activities of Chamba District Fruit Growers Cooperative Industrial Society Ltd., Chamba.

An additional loan of Rs. 4.93 lakhs has been sanctioned by NCDC to NAFED, New Delhi for meeting the escalation in the cost of the Multi-Commodity Fruit and Vegetable Unit of the Federation.

Fisheries Cooperatives

For purchase of three mechanised boats, nine country boats, three sets of nets and one insulated van by Masamari Colony Fisheries Cooperative Society Ltd., NCDC sanctioned Rs. 6.21 lakhs to the Government of West Bengal.

NCDC sanctioned Rs. 38.04 lakhs to the Government of West Bengal towards meeting the financial requirements of the Contai Central Fishermen Cooperative Society Ltd., Contai for the purchase of 20 mechanised boats, nets, one pick up van, two trucks and construction of a godown.

National Cooperative Development Corporation sanctioned Rs. 1.58 lakhs to the Government of Manipur and Rs. 1 lakh to the Government of Kerala for contribution to the share capital of nine fisherman cooperative societies and Parrapangadi Regional Fish Marketing Cooperative Societies Ltd., respectively.

NCDC sanctioned Rs. 1 lakh to the Government of Tamil Nadu in assisting Ramanathpuram District Fisherman Cooperative Federation Ltd., Ramanathpuram, district Ramanad for purchase of diesel oil and fishing requisites.

Assistance towards Distribution of Consumer Articles

For assisting 40 projects in distribution of consumer articles in rural areas, an amount of Rs. 46.29 lakhs has been sanctioned by this Corporation to the Government of Uttar Pradesh.

NCDC sanctioned Rs. 17.10 lakhs, Rs. 3.50 lakhs and Rs. 3.00 lakhs to the Governments of Maharashtra, Rajasthan and Karnataka respectively for assisting 16 projects of these states involved in distribution of consumer articles in rural areas.

Assistance to Cooperative Silk Marketing Federation

For raising working capital for marketing of silk by the State Cooperative Silk Marketing Federation Ltd., Bangalore, Karnataka, NCDC sanctioned Rs. 9 lakhs to the Government of Karnataka.

Assistance to NCCF and NAFED

NCDC sanctioned a loan of Rs. 2 lakhs to NCCF towards share capital participation of the Federation.

NCDC sanctioned Rs. 3.60 lakhs and Rs. 1.76 lakhs to NAFED as margin money assistance for raising working capital for marketing of eggs and for purchase of four transport vehicles for procurement, sale distribution of eggs respectively.

Marketing of Arecanut

NCDC sanctioned Rs. 5 lakhs to the Government of Karnataka to enable Central Arecanut Marketing and Processing Cooperative Ltd., Mangalore to raise working capital to enable it to expand marketing of arecanut in the States of Karnataka and Kerala.

NCDC also sanctioned Rs. 16 lakhs to the Government of Karnataka and Rs. 5 lakhs to the Government of Kerala for raising the working capital of Central Arecanut Marketing & Processing Cooperative Ltd., for procurement operations.

Rice Mills

NCDC sanctioned Rs. 4.59 lakhs to the Government of Gujarat for setting up of two rice mills namely Pipodara Vibhag Kheti Pak Rupantar Ane Vechan Karnari Sahakari Mandli, Pipodara and Kamboya Vibhag Kheti Pak Rupantar Ane Vechan Karnari Sahakari Mandli Ltd., Kamboya, each with a capacity of one tonne.

The Corporation sanctioned Rs. 4.08 lakhs to the Government of Karnataka for establishment of Hudikeri Agricultural Produce Cooperative Marketing Society, Hudikeri.

NCDC rendered financial assistance of Rs. 4.51 lakhs to the Government of Karnataka and Rs. 6.69 lakhs to the Government of Uttar Pradesh for setting up of modern rice mills with a capacity of two tonnes each namely Dodhallapur Taluk Agricultural Produce Cooperative Marketing Society Ltd., Dodhallapur and Gorakhpur Zilla Sahakari Federation Ltd., Gorakhpur respectively.

For modernisation of two conventional rice mills at Chickmagalur and Ponampetned in Karnataka State, NCDC sanctioned Rs. 0.42 lakhs to the State Government.

An amount of Rs. 7.05 lakhs has been sanctioned by NCDC to the Government of West Bengal to meet the margin money requirements for the establishment of six cooperative rice mills in the state.

For establishment of a rice-cum-dal mill with a capacity of one tonne by Mandla Sahakari Vipnan Samiti Mandal, Bhamhani, district Banjas, this Corporation has sanctioned Rs. 7.56 lakhs to the Government of Madhya Pradesh.

NCDC sanctioned Rs. 5.93 lakhs to Governments of Karnataka, Orissa and West Bengal for modernisation of 12 conventional rice mills in Karnataka, four in Orissa and six in West Bengal.

The Corporation sanctioned Rs. 0.15 lakhs to the State Government of Gujarat towards modernisation of cooperative conventional rice mill set up by Dungri Vibhag Mal Rupantar Ane Vechan Karni Sahakari Mandli Limited, Dungri, Gujarat.

Rs. 7.63 lakhs has been sanctioned by NCDC to the State Governments for modernisation of 15 conventional rice mills in Assam, 10 in Karnataka and one in Orissa.

NCDC sanctioned Rs. 2.55 lakhs to the Government of Gujarat for assisting Songadh Taluka Khet Pak Rupantar Ane Vechan Karnari Sahakari Mandli, Songadh, district Surat to set up a modern rice mill with a capacity of one tonne per hour.

Establishment of Dal Mills

National Cooperative Development Corporation sanctioned Rs. 3.51 lakhs to the Government of Uttar Pradesh to enable the Khage Sahakari Kraya Vikraya Samiti Ltd., district Fatehpur to set up a dal mill.

NCDC sanctioned Rs. 3.38 lakhs to the Government of Uttar Pradesh for providing the same to Sahakari Kraya Vikraya Samiti, Payagpur district Baharaich for setting up of a dal mill.

Cotton Ginning & Pressing Units

For the establishment of a cotton ginning and

pressing unit comprising 30 double roller gins by Siriguppa Cotton Growers Cooperative Society Ltd., Taluka Siruguppa, district Bellary, NCDC sanctioned Rs. 10.08 lakhs to the Government of Karnataka.

NCDC sanctioned Rs. 2.48 lakhs to the State Government of Gujarat for setting up a cotton ginning unit comprising 10 double roller gins by the Bhiloda Taluka Cooperative Agriculture Processing and Sale Society in district Sabarkantha.

For setting up of a jute baling unit and transit godown by Raninagar Block II Primary Agricultural Cooperative Marketing Society Ltd., NCDC sanctioned Rs. 1.16 lakhs to the State Government of West Bengal.

The Corporation sanctioned Rs. 3.59 lakhs to the Government of Maharashtra for expansion of existing ginning units namely Savner Taluka Ginning and Pressing Va Dal-Mill Cooperative Prakriya Sanstha Ltd., district Nagpur and Pandharka Wada Shetkari Sahakari Ginning and Pressing Society Ltd., district Yeotmal.

NCDC rendered financial assistance of Rs. 11.44 lakhs to the Government of Karnataka and Rs. 0.65 lakhs to the Government of Maharashtra for the establishment of two cotton ginning factories by Taluka Agricultural Produce Marketing Society Ltd., Dharwar and one cotton ginning factory by Biloli Taluka Cooperative Oil Mills Ltd., Kundalvadi, district Nanded, in Maharashtra.

Coconut Processing Complex

An amount of Rs. 11.24 lakhs has been sanctioned to Arunachal Pradesh State Cooperative Marketing Federation by the Corporation for establishment of a coconut processing complex.

Assistance for Consumer Stores

NCDC rendered financial assistance of Rs. 2.152 lakhs to the Government of Madhya Pradesh for assisting Ratlam Wholesale Consumer stores for setting up bankery units.

The Corporation also granted Rs. 2.352 lakhs to the Government of Madhya Pradesh for setting

up of Bilaspur District Wholesale Consumer Store in the state.

Procurement of Cashew-nut

NCDC sanctioned Rs. 30 lakhs to the Kerala State Cooperative Marketing Federation Ltd., towards margin money assistance to raise adequate funds for procurement of cashew-nut.

Assistance for setting up Oil expeller

National Cooperative Development Corporation sanctioned Rs. 6.96 lakhs to the Government of Rajasthan to assist Chasku Sahakari Kraya Vikraya Samiti Ltd., Rajasthan for setting up groundnut base oil expeller of 3.5 tonnes capacity per day.

Handloom Cooperatives

National Cooperative Development Corporation sanctioned Rs. 20 lakhs to the Government of Andhra Pradesh to assist the Andhra Pradesh State Handloom Weaver's Cooperative Society to strengthen its share capital base. NCDC also sanctioned Rs. 5.45 lakhs to the Government of Uttar Pradesh for providing it to the Uttar Pradesh Industrial Cooperative Association Ltd., Kanpur for the same purpose.

Dairy Cooperatives

The Corporation released Rs. 13.60 lakhs to

the Government of Andhra Pradesh towards reimbursement of the financial assistance released by it for assisting the establishment of a dairy plant at Visakhapatnam by the Marginal Farmers and Agricultural Labourers and Milk Producers' Cooperative Dairy Development Unit, Visakhapatnam.

New Plants Commissioned

Six new cooperative sugar factories namely Kisan Sahakari Chini Mills Ltd., Satha, district Aligarh and Kisan Sahakari Chini Mills Ltd., Nadehi, district Nainital in Uttar Pradesh; Cuddapah Cooperative Sugar Factory Ltd., district Cuddapah in Andhra Pradesh; Vellore Cooperative Sugar Mills Ltd., and Tirupattur Cooperative Sugar Mills Ltd., district North Arcot in Tamil Nadu and Jagadamba Sahakari Sakkar Karkhana Ltd., district Ahmednagar in Maharashtra commenced production for the first time. With this the number of cooperative sugar factories in production has increased to 119 in the country. NCDC also granted financial assistance to these factories under Central Sector Scheme.

Solvent Extraction plant of the Aska Central Multipurpose Cooperative Society Ltd., in Berhampur, district Ganjam in Orissa has been installed bringing the total number of installed solvent extraction plants to 12 in the cooperative sector. This unit is expected to provide employment to a large number of Adivasis of the region.

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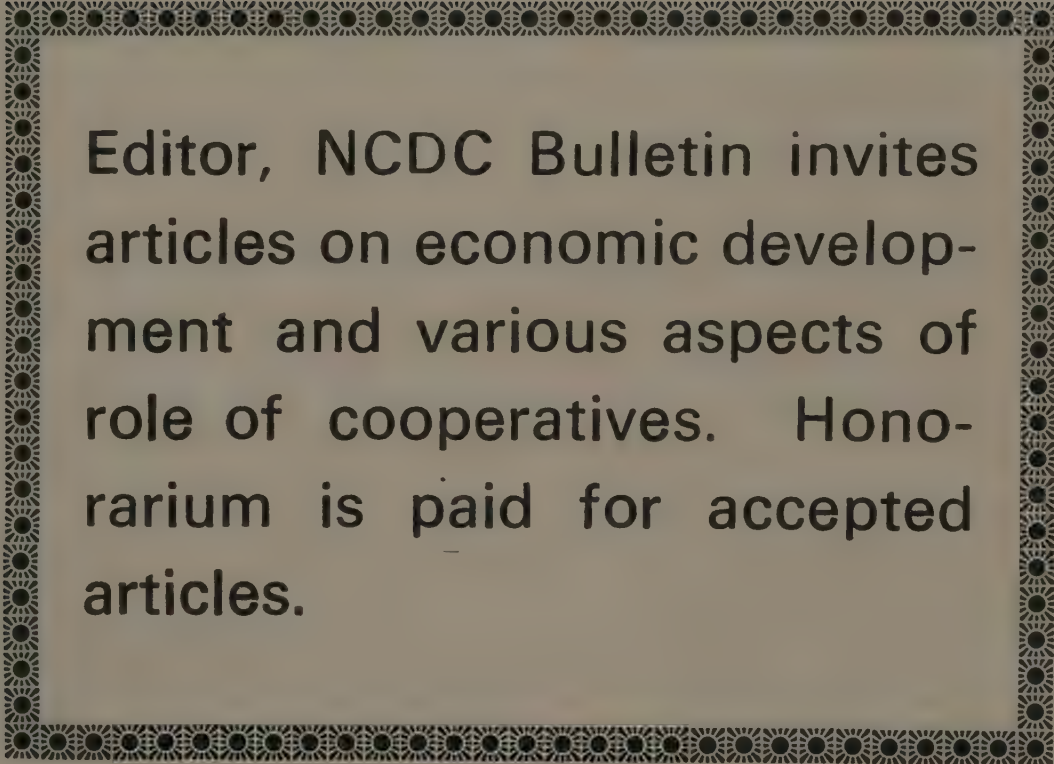
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Editor, NCDC Bulletin invites articles on economic development and various aspects of role of cooperatives. Honorary is paid for accepted articles.

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EDITOR : **N. N. Trehan**

Views expressed in articles published are of the authors and not necessarily of the Corporation.

OUR NEW VICE-CHAIRMAN



SHRI R. D. THAPAR took over as Vice-Chairman of the Board of Management of the National Cooperative Development Corporation after assuming charge as Secretary, Ministry of Civil Supplies & Cooperation on 23rd June, 1977.

Born at Rawalpindi, now in Pakistan, on June 19, 1920, he had school education there. He pursued his college education in the famous Government College, Lahore. He obtained his Master's Degree in 1941 from the University of Punjab and topped the University.

He joined the Indian Administrative Service in 1949 and belongs to the Rajasthan Cadre. During the first few years of his career, he served as Collector of Alwar, Kota, Bikaner and Ajmer in the State.

He had his first tenure in the Central Government in 1965 when he worked as Joint Secretary in the Ministry of Home Affairs & Pay Commission. Thereafter, he was Additional Secretary in the Ministry of Finance, Economic Affairs and Insurance.

Before taking over the present responsibility, Shri Thapar was Chief Secretary, Rajasthan.

COOPERATION IN INDIA

P. R. Dubhashi

COOPERATION occupies an important place in the Indian economy today. Perhaps in no other country in the world is cooperative movement as large and diversified and involves participation of as many people as in India. The cooperative movement has left almost no sector of the economy untouched. More specially, cooperation plays a major role in supply of agricultural credit, and agricultural inputs like seeds, fertilisers and pesticides, agricultural storage, agricultural marketing and processing, dairy, poultry, fishery, sericulture and other subsidiary occupations, wholesale and retail trade and consumer distribution, rural and small scale industry including handloom, housing and urban credit etc.

All these achievements of the cooperative movement are the result of a deliberate policy of

the State to promote the cooperative movement vigorously pursued after the attainment of independence. Even before independence, the cooperative movement had a long and chequered history extending over four decades. The passing of the Cooperative Societies Act in 1904 marks the beginning of the Indian cooperative movement. It started with the establishment of primary credit cooperatives whose task was to liberate the farmers from the clutches of the money-lenders. During World War I, the consumer cooperatives were started to deal with the distribution of essential commodities which were scarce during the war period. The cooperative departments were established in most of the states under the Registrar of Cooperative Societies. However, the growth of the cooperative movement till the attainment of independence was somewhat feeble and limited.

It is only after the attainment of Independence that a process of rapid expansion and diversification of the cooperative movement was started. Jawaharlal Nehru, the first Prime Minister of Free India was committed to cooperation. He wanted "to convulse India with cooperation" and make cooperation the basic activity in every village. In the successive Five Year Plans, the cooperative sector was looked upon as a balancing sector of the economy—balancing the private sector and the public sector. Cooperative organisations combine the best of the two sectors—the freedom and flexibility of the private sector and the accountability and social responsibility of public sector. They combine the advantages of large scale organisation to provide the small man—small farmers, artisans, industrial workers and consumers.

The recommendations of the historic Rural Credit Survey Committee Report (1954) provided the basic ingredients for cooperative policy aimed at developing cooperation as the principal instrument of rural and agricultural development. The report recommended massive State assistance and participation in the cooperative movement. This was, because it was felt that the cooperative organisations of the weak would not have a chance of survival against the onslaught of strong vested interests in the shape of landlords, traders and moneylenders. The basic strategy which the report recommended was of an integrated agri-

cultural credit policy. Credit would be linked with agricultural production and agricultural marketing and processing. The agricultural credit would be timely and adequate and would be given to credit-worthy purposes rather than credit-worthy persons. As a result of this policy a wide-spread network of primary agricultural cooperatives has been established at the village level. They are affiliated to the District Cooperative Banks which in turn are affiliated to State Cooperative Banks. The latter get concessional finance from the agricultural credit department of the Reserve Bank of India. A programme of reorganisation of primary agricultural cooperatives has been taken on hand with the intention of setting up viable cooperative credit societies doing sizeable business consisting of supply of short-term and medium-term credit, supply of agricultural inputs and essential consumer commodities. As a result of reorganisation, the number of primary agricultural credit societies would be reduced from a little over two lakhs to a little less than one lakh. It is intended to bring about universal membership of these cooperative credit societies so that no farmer or artisan, who wishes to be a member of the society would be denied such a facility. Already primary cooperative credit societies have covered 50 per cent of rural families, continuous efforts have been made to encourage others, particularly the small farmers and Harijans, to become the members of the primary credit societies.

There is a different institutional set up for supply of long-term credit for construction of wells, installation of pumps, land reclamation and development of under-developed area etc. Long-term loans are disbursed to the primary land development banks which are affiliated to the State Apex Land Development Banks which derive loanable funds from the Agricultural Refinance Corporation established in the year 1963. There is a tremendous advance in agricultural investment through these land development banks and during the last year more than 200 crores of rupees were lent to farmers through the land development banks. It is expected that these investments would greatly contribute to the rise in agricultural productivity.

The net-work of cooperatives also provide

comprehensive programme for the distribution of agricultural inputs. Cooperatives are expected to provide by 1978-79, 65,000 retail outlets distributing 65 per cent of fertilisers, worth Rs. 1,000 crores. Already by 1975-76 they have distributed fertilisers worth Rs. 700 crores, in addition to Rs. 50 crores worth of pesticides and Rs. 20 crores worth of seeds. The cooperatives have undertaken a programme for construction of village godowns and mandi godowns in rural areas. The capacity of cooperative storage by March, 1977 was nearly 40 lakh tonnes and is expected to go up to 68 lakh tonnes by 1978-79. Cooperatives have also started handling, in a large way, marketing of agricultural produce. In 1975-76 cooperatives handled marketing of agriculture produce worth more than 1500 crores of rupees, of which food-grains were of the value of Rs. 522 crores, sugarcane for Rs. 421 crores and others including cotton worth Rs. 625 crores. The total number of marketing societies handling agricultural produce at the mandi level is more than 3000. They are affiliated to the apex marketing federations which in turn are affiliated to the national cooperative marketing federation.

The achievements of agricultural processing through cooperatives have also been intensified. The total number of cooperative processing units is 1738, of which 330 are cooperative agricultural processing units, 326 are oilseed processing units and 33 food and vegetable processing units. There are 138 cooperative cold storages. The cooperatives have made a mark in the manufacture of sugar. There are 120 cooperative sugar factories, whose total production is nearly 25 lakh tonnes, or half of the total sugar production in the country. There are 55 cooperative spinning mills which have total spindleage of 10 lakhs. It is intended to double this in the near future.

This massive development in agro-business by cooperatives has been greatly assisted financially and organisationally by the National Cooperative Development Corporation which is the executive arm of the Ministry of Civil Supplies and Cooperation.

The consumer cooperatives have also been given a very important place as the backbone

of the public distribution system in the country. There are repeated periods of scarcity and inflation during which the consumers have been held to ransom by the traders. The cooperative public distribution system is intended to provide and maintain supply of essential commodities at fair prices to the common man. In addition to 55,000 village societies, 1862 primary marketing societies are also engaged in distribution. In the urban areas 456 consumer wholesale stores and their 3500 branches and 170 department stores are engaged in the distribution of essential commodities. They have distributed goods worth Rs. 440 crores in rural areas and Rs. 550 crores in urban areas.

In the field of cooperative dairy, the achievement of Amul in Gujarat has been most outstanding. This has become the biggest dairy in Asia which supplies not only liquid milk to the consumers but also produces milk powder and baby food. The achievements of Amul are being replicated in Gujarat and rest of the country.

One of the most spectacular achievements in recent years has been the establishment of Indian Farmers' Fertiliser Cooperative which has erected a urea plant in Kalol and NPK plant at Kandla in Gujarat. This has been a successful venture. More than 26,000 cooperatives are its members. An efficient network of marketing has been established by IFFCO in several States of the country, IFFCO is now poised to complete shortly its fertiliser plant in Phulpur and is likely to erect another plant to make use of the gas available from Bombay High.

The success of the cooperative movement depends on constructive leadership, efficient management and above all on enlightened membership. Cooperative movement is not only an economic movement but also an educational movement. It aims not only at material progress but also at building up cooperative character of man. In the ultimate analysis the cooperative movement would be judged by the extent to which it would permeate the whole society with cooperative values. Only then will it be possible to establish the cooperative commonwealth which is the true and ultimate goal of the cooperative movement.



Unity makes the family as well as the nation great

RELEVANCE OF ISRAELI EXPERIMENT TO COOPERATION IN INDIA

M. S. Gill

BY the middle of the 19th century, the wave of British conquest had spread to the natural geographical borders of the Sub-Continent. The Raj brought peace, security, and stability to the land. It also modified the traditional system of land tenure. Following European practices, the British conferred property rights in land, on individuals, along with the right to transfer, mortgage and sell. The peaceful conditions prevailing in the country quickly pushed up the value of land, as an economic asset. The farmers' reckless ways coupled with the moneylenders sharpness soon led to the rapid indebtedness of the peasantry. By the end of the 19th century, British Administrators, from Madras to Punjab, were seriously concerned about this development. The Madras Government commissioned the monumental study by Fredrick Nicholson, in the last decade of the 19th century. In Punjab, S.S. Thorburn wrote his classic, 'Musalmans and Moneylenders in the Rawalpindi Division'.

It became apparent to British Administrators that something had to be done to save the peasantry from this exploitation by the money-lending classes. Looking around for a way out, the British thought of the philosophy of Cooperation, which had had some success in Europe notably in Britain and Germany. In 1904, the Cooperative Societies Act was passed by the Central Legislature, and this was yet one more reform launched by the indefatigable Lord Curzon. Cooperation was essentially a foreign idea grafted on to the social skin of the body politic of India. The idea was launched in the hope that a spirit of self help and self reliance will be created in the peasantry and a leadership will spring up out of the people to serve the people. The slogan, therefore, was credit through the thrift of the members. There was to be no spoonfeeding by the Government as it would cut at the very roots of the fundamental ideas of self-reliance and self-help. As Sir Malcolm Darling, one of the pioneers of the movement in Punjab, said in an address to the U. P. Cooperators in 1935 that they were digging for '*sucha pani*'. The '*sucha pani*' was the revival of the spirit of self-help and self-reliance.

The movement today is approaching 75 years of endeavour. It is time to sit back and assess

its successes and failures. Chinchankar and Namjoshi have, therefore, done well to bring out a comprehensive volume on cooperation, as it has been practised in India and many other countries of the world. The first one-third of the book gives a clear historical narrative of the cooperative movement, as it has developed in some of the major countries of the world. The studies vary from those of the United States and Sweden in the western world to Yugoslavia in the eastern. Perhaps, from the Indian point of view, the Chapter on the Israeli Experiment is most relevant. The Israelies, working in a backward and debilitated land, have transformed it by genuine cooperative effort into the promised land of their dreams. If one is to learn the benefits of collective action and the methods by which a land run down over centuries can be revived and made fruitful, one must look to the inspiring case of the Israelis in Palestine.

But we are more concerned with the books' assessment of the Indian experience. There are detailed and learned chapters on the progress of credit — long-term and short-term, the expansion of processing and marketing, the attempt at cooperative farming, the work done by the cooperative movement in industrialisation and in the service of the poorer sections of the community. Each study has been meticulously compiled and gives a comprehensive review of the development of policy as well as the progress made in terms of figures and achievements. There is a certain amount of critical review but it largely follows conventional patterns. The criticism is made keeping well within certain fixed parameters such as the continuing existence of the cooperative movements and the dominant role of the Government in its working.

It is also necessary to refer to its basic validity. The British ran the movement for almost 45 years till Independence. In terms of physical achievement the result was nominal. As the Rural Credit Survey Committee wrote in 1954, the cooperatives were responsible for hardly 3 per cent of the farmers' credit needs. In terms of '*sucha pani*', it is difficult to say how much of self-reliance or leadership was created. It might, however, be true that they tried very

hard for both these objectives and always kept those as their prime goals.

The Rural Credit Survey Committee, against Jawaharlal Nehru's opposition, completely transformed cooperative policy after Independence. The Government became a major partner in cooperatives and contributed massive funds. Along with the money came supervision or as cooperators might say, interference. This was inevitable. Today, in terms of physical achievement, one can point to many areas of success. The cooperatives now account for something in the range of 35 to 40 per cent of the total credit needs of farmers in the country. They distributed more than 60 per cent of the total fertilisers and produced half the sugar in the country. They have a major role in procurement of foodgrains, marketing of produce and processing of commodities. It is said that in one way or another, they are a factor to be reckoned with.

On the other hand, someone seems to have crept under the skin of the cooperative philosophy and turned it inside out without any one realising the truth or even noticing the change. The ideas of self-help and self-reliance, the philosophy of credit through the thrift of the members are now forgotten memories of a distant past. To the farmer, the cooperative society today is a Government owned, directed and controlled, administrative structure for the funneling of economic assistance to the rural sector. His concept of a society is of an organisation not of himself and his neighbours, but of some remote authority. It is an organisation which gives them finance from above. In using or misusing it and in forgetting to return it in time, he feels no guilt, as he would if the money came primarily from the savings of his neighbours. The management is that of the members through their properly elected committee. In such a situation, their loyalty to the organisation hardly exists. The spirit that is being fostered is hardly that of self reliance. Nobody today has any interest in digging for the '*sucha pani*' of Malcolm Darling's conception.

The assessment that is required today is a fundamental one. The question is : Where have we reached and what is the path we are treading ?

When the Rural Credit Survey Committee Report appeared in 1954, Jawaharlal Nehru opposed it. He was against Government participation, Government control and interference. He was for the small society, with a homogeneous membership, composed of friendly neighbours living in a village or two. He was trying desperately to foster the growth of leadership in the cooperatives and other rural institutions, for he hoped that this leadership would be the root of the democratic political structure of the country. Therefore, he made the village school, the village Panchayat and the village cooperative society the three pillars of his vision for the country. Unfortunately, in spite of Nehru, the movement went astray. We have walked the new road for nearly 25 years now. It is time to assess the validity of this new path Jawaharlal Nehru had passionately pleaded against "the embrace of officialdom" and declared that "Whatever else it might be, it is not cooperation at all". Was he right, after all?



Produce more for prosperity

RURAL CREDIT COOPERATIVE MANAGEMENT

B. K. Sinha

RURAL population in developing countries chronically suffers disabilities like food shortage, massive poverty, population pressure, inflation, unemployment and unstable commodity and money markets. Cooperatives are increasingly being recognised as an answer to meet these challenges.

Backbone of Cooperative Movement

About 130 years ago, the measures advocated and practised by Raiffeisen in Germany took the form of rural credit cooperative to help people overcome the adverse effects of a crop failure. Presently, the rural credit cooperative societies are the backbone of the cooperative movement. About 44 per cent of the total number of societies of all types in the world belong to the category of credit cooperative and their membership represents over 30 per cent of the total. The Indian credit cooperatives, interestingly, constitute nearly 64 per cent of these societies. Significantly, while the

initiation of the Indian cooperative credit movement is based on the experience of Germany, many developing countries and the USA have been inspired and benefitted by the Indian experience in this regard.

Kingpin of Development

The rural credit cooperative movement has in course of time developed as the 'kingpin' of economic development in the countries of the Third World as they are basically rural in character, and their future depends on strengthening and modernising rural economy. Hence, the rehabilitation and subsistence approach for tackling rural problems is giving way to productivity and investment for better employment, production and income and to social justice for ensuring equitable distribution of national gains.

Though began as a defensive measure to help agriculturalists suffering from droughts and floods, and from the exploitation of usurious moneylenders and unscrupulous traders, credit cooperatives are becoming an effective sector of economy and competing to remove private moneylenders from the village scene. These cooperatives are, also, building up supplies and marketing and processing cooperatives to serve farmers.

The cooperative movement has since established its superiority in providing institutional credit—short, medium and long-term—to men of small means. Thrift and credit society of the traditional type is undergoing change in its organisational structure, composition of membership, operation and management to meet the diverse needs of its members. It is serving as an agency to promote saving among its members and meeting their credit requirements. Thus, it is no longer an organisation of mere borrowers and lenders, but a banking institution at the village level, a powerful agency for the rehabilitation and reconstruction of the total economy.

Appreciation of cooperative ideology can be gauged from the quantitative expansion of the credit movement. For instance, in India, 96 per cent of villages are covered by the primary agricultural credit/farmers service/multipurpose coope-

rative societies and their membership represent nearly 46 per cent of the total families.

Expansion of the movement has given rise to a variety of complex problems of growth which are not so much ideological as managerial in nature. Large number of these cooperatives are dormant, short-lived, working as mere loan disbursing centres and catering to rather a small percentage of members who are either land owning or are in a position to offer tangible security. These societies have also been deficient in raising local resources by way of deposits in areas having more developed banking institutions and network of post offices providing savings-bank facilities and have been having high percentage of overdues to demands. These are again the effects of management inefficiency.

Management Bodies

Within the framework of the bye-laws of the society, the responsibility to manage its affairs is shared by different constituents. The General Body of members is the highest authority within the cooperative. It exercises overall supervision and guidance and it takes final decisions regarding policies and programmes, raising liability and creating assets, relationship with other cooperatives, members enrolment and their grievances. The Committee of Management elected by the general meeting is the executive body to implement its decisions and primarily responsible for providing leadership to the organisation and running it as an efficient and dynamic cooperative functioning to attain its objective and goals.

To facilitate the task of office-bearers, the Committee recruits paid staff for the cooperative. The quality of the employees selected largely determine the success of the society's operations. It is they who really provide the day-to-day leadership, act as a link between the members and the Board of Management, effectively serve the elected office-bearers with ideas, facts, experiences elsewhere and pros and cons of a proposal which ultimately help in arriving at decisions for the healthy growth of the cooperative.

In addition, the cooperative banks and their

regulatory agencies, government functionaries directly concerned with rural development work and the Registrar of Cooperative Societies and his field officers have definite assignments in providing support and guidance to the management.

Resource Mobilisation

Resources, material and manpower, are required for implementing the schemes. While material resources are scarce, the same is not true with regard to manpower in countries like India. Even in the developing countries with low density of population, the availability of labour, though unskilled due to variety of economic and political factors, poses not an acute problem at the local level. Tapping, mobilising, utilising and further developing the resources and ploughing back the additional resources generated thus, becomes a challenging task.

These would call for exercising meticulous care in assessing the resources available at the inception of the society and at regular intervals thereafter, determining priority areas of investment within the society and outside, and allocating available resources among various purposes and members in a manner conducive to serve the best interests of the society.

In raising and managing funds including members' savings and other borrowed capital, the management has to be concerned about their economics, and security, returns to the respective investors and timely refund on demand. The quantum of the liability of this type would no doubt be governed by the society's ability to create that within the permissible maximum credit limit and its capacity to use the funds raised in a fruitful manner.

Credit Cycle

In its operation, the society is required to take a judicious view on 'individual lending' and 'corporate investment'. While providing credit to individuals, the management could ensure the credit worthiness of the purpose as well as the person, mechanism of effectively linking credit with production and marketing, regulating

recovery measures and inspiring confidence among the members for second and subsequent loans as an in-built discipline. Experience, however, has shown that non-existence of a farm-guidance machinery in the society or the local cooperative structure makes the cooperative credit cycle in-operative. Natural hazards damaging the standing crops stand as yet another deterrent.

For obvious reasons, loans for meeting consumption needs, social commitments, educational expenses, medical treatment and housing are hardly provided by a rural credit cooperative, particularly in Asia. In Africa, however, these are the widely acknowledged purposes for which credit is made available. The primary reason therefore, is the inability of the members to make investments in agricultural production and other productive pursuits. The initiation, operation and management of these is, by and large, beyond the comprehension of the average member.

Distressingly, in both the cases cited above, members suffer either for want of credit for the aforesaid purposes or by non-application of credit to more direct form of income generating activity. Proper balancing and bearing of calculated risk, backed by extension efforts and professional vigilance by the cooperative, seems to be an inescapable answer in providing cooperative credit as a measure against rural indebtedness and not as a factor in adding to it. These might also act as a check on diversion of credit received to non-approved purposes and avoid blocking of loans with original borrowers. This will also prevent choking of the cooperative credit pipeline.

Common Facilities

Creation of common facilities in a rural credit cooperative has been a long priority item. This is mainly due to non-appreciation of the need and usefulness of the joint ownership of the means of providing common services and facilities by the cooperative. The society is regarded as an agency for supporting the pursuits of individual members who are left to fend for themselves after the grant of credit. The institution, under the circumstances, is not able to adopt 'complete service approach', and its corporate strength is not pro-

moted substantially. Construction of godown and store, establishment of agro-service centre, setting up of processing and industrial units, irrigation plants, electric supply sub-station, dairy, etc. could fruitfully be undertaken for the purpose.

In the wake of deteriorating land-man ratio and the swelling of un-economic units of cultivation, the cooperative society in the village would serve the community better by taking on lease of making outright purchases of such lands. It might accept land-management responsibility of those persons who wish to transfer land to the society on mutually agreed terms and conditions. Rendering of such services will be meeting the needs in a vital area.

Towards Professional Management

Even at present, a rural credit cooperative makes a start with honorary office-bearers and, at the most, with a part-time worker usually ill-equipped to shoulder the responsibility. If the cooperative is to be organised and enabled to function in the service of the rural population on the desired lines, the executive wing of its management namely, the staff, has to be the focal point, right from its inception. Their strength, quality and competence would have to be determined on the basis of the job requirements and the society's ability to hire and maintain them will have to be assured. Recruitment of a minimum staff and their induction training should be among the preparatory measures and a prerequisite for the commencement of the society's operations. The growth of the society would depend upon its institutional development. Every worker should serve the cooperative as professional expert and grow with the institution, be respected as responsible member of the fraternity of co-operators, delegated with power and authority commensurate with the responsibility. He should have scope to take initiative and improve skills as a matter of course.

The elected committee of management has to develop an aptitude for acquiring business acumen and technical competence along with the qualities of leadership in managing the affairs of the society. To facilitate this, apart from the information and

orientation to be given to them under the cooperative education programme, qualifications in terms of educational attainments, training, occupational background and age, among others, have been prescribed by some cooperatives. It is also considered desirable that they should normally be the residents of the area of operation of the society and their loyalty to and stake in the cooperative manifested by the amount of business transacted. Involvement of youth in the activities of the society and their specific representation on the Committee of Management are also provided in the bye-laws. The terms of office of the Committee should be longer than one year.

The training set-up for manpower development in the cooperative movement has a major role to play in making the management more and more professional. The management training programmes would have to be tailored to meet the specific requirements of the rural credit cooperative movement. The training needs would have to be assessed and made known well in advance from time to time not only on sectoral basis but on an institutional basis as well. For proficiency, more concerted efforts would be needed in the area of project planning and appraisal, financial management and the decision making process. All this should be undertaken with active participation of the representatives of the society as a collaborative exercise. Preparation of manuals, basic literature, exchange of experiences, and removal of generation and communication gaps are among the factors vital for efficient management.

Member Management

An essential factor for the success of a rural credit cooperative is the strong will of the persons ordinarily residing in a traditional village or community to meet their cash and kind credit needs on the basis of the cardinal principle of 'self-help through mutual aid'. This will protect the homogeneity of persons desiring to form a cooperative group.

The needs of the rural population are so many and so varied that an all round attack on the problems would be necessary for raising their

standard of living. This is also a *sine-qua-non* for making the members, potential members including the younger generation, as life long-cooperators and for the evolution of a single purpose cooperative credit society into a comprehensive cooperative society in an foreseeable future.

Diversified services in a cooperative of a traditionally recognised group of persons living in a rather concentrated area could be the simple method of achieving viability of the unit.

In a rural cooperative, 'member management' is thus crucial and is at the same time most difficult task in view of the prevailing human material and rural group dynamics. These are also pre-requisites to saving the society from disintegration after the first flush of enthusiasm is over and for its continued growth.

Effective 'member management' would necessitate (a) generating confidence in oneself to strive for a better future, (b) making the members acquaint themselves with the rigours of cooperative business ethics, democratic management and growth with stability, and (c) removal of vested interests and curing the trends of their re-emergence in any form within the organisation.



COOPERATIVES MARCH AHEAD IN MANIPUR

Service Societies (FSS) in the valley and 50 large sized Agricultural Multipurpose Cooperative Societies (LAMPS) in the hills during the remaining period of Fifth Five Year Plan. As many as 25 FSS and 10 LAMPS have already been organised during the period ending 31st March 1977.

In order to facilitate the implementation of the new scheme for integration of credit, the Manipur State Cooperative Bank Ltd. opened 'Agricultural Development Division' to primarily deal with the operation of the long term credit to be given to the agriculturist-members of the FSS/LAMPS and the Primary Land Development Cooperative Bank working in Manipur.

The Apex Cooperative Bank sanctioned the credit limit of the short term loans for the current year to the extent of Rs. 51.49 lakhs for 9 FSS/LAMPS and other service societies upto the period ending 31st May, 1977.

Role of the Manipur Apex Cooperative Marketing Society

The Manipur Apex Cooperative Marketing Society Ltd. was registered in 1956-57 and has been functioning as the chief organisation for procurement and distribution of chemical fertilizers to the agriculturists in Manipur. It has also taken up other activities which are related to agricultural commodities. Its membership consists of 260 cooperative societies, 25 individuals and one government.

The present working capital of the society is Rs. 7.56 lakhs. During the financial year 1976-77, the society sold chemical fertilisers of different varieties worth Rs. 55 lakhs. It is expected that the sale will increase by about 33 per cent during 1977-78. The society took up the work of procurement of paddy on behalf of the Food Corporation of India, Imphal, during last year. It undertakes inter-state trade in maize, ginger and timber. The society was entrusted with the business of procurement of wheat this year. Apart from it, the society has already been appointed as an agent for sale of controlled cloth through its five branches and sales depots.

THE cooperative movement is gradually gaining ground in Manipur through the increasing activities of various cooperative organisations functioning in the state.

The Manipur State Cooperative Bank

The Manipur State Cooperative Bank has sanctioned Rs. 52 lakhs as short term loan upto May, 1977. It was established in 1956-57 with the object of extending credit facilities to the farmers of Manipur through agricultural credit cooperative societies because there is no central cooperative bank in operation in Manipur.

The apex bank is directly financing the credit needs of the agriculturist-members of the primary agricultural credit societies and short & medium term loans are being given to all such societies. With the implementation of the scheme for integration of credit under reorganisation plan of agricultural credit societies in India, the existing 675 service and large sized cooperative societies of Manipur are to be reorganised into 100 Farmers

In order to facilitate the kitchen gardeners of the town area to purchase chemical fertilizer in retail from one Kg. to 10 Kgs in packets, the society has planned to open a number of retail depots at vantage points in urban and semi-urban areas.

The society is trying its best to expand and diversify its business to various activities by opening branches in all the districts. A branch of the society recently opened at Jiribam where business in forest products viz. cane, cinnamon etc. has been taken up with keen interest. A scheme for establishment of a starch-cum-cornflake processing unit is also being formulated.

The society transacted business worth Rs. 45.87 lakhs during the year 1975-76.

The Manipur Wholesale Cooperative Society

The Manipur Wholesale Cooperative Society is playing a significant role in the consumers' movement in the Territory. The membership strength of this society consists of 494, out of which 153 are primary cooperative societies, 340 are individuals and the government. The total working capital of the society is Rs. 10.50 lakhs.

The main business undertaken by the society is procurement and supply of essential and other commodities of mass consumption such as—food stuffs, textile and other general merchandise. It is also the State agency for procurement of controlled cloth and controlled paper. The society is running a departmental store at its head office and two retail outlets—one at Thangal Bazar and the other at Singjamei Bazar. Besides, the society has opened two rural branches—one at Kakching and other at Bishenpur. One more rural branch will be opened shortly at Ningthoukhong also.

In order to strengthen the consumer movement, the Society has taken up new schemes. It has taken up manufacturing of exercise books and will distribute cycle-rickshaw to the rickshaw-pullers and establish a super market. The Society proposes to organise distribution of text books to the Wholesale and other affiliated societies and also to act as the distributing Agency for

“MAGFRUIT” produced by the Agriculture Department, Manipur.

Performance of the Manipur State Handloom Weavers' Cooperative Society

The Manipur State Handloom Weavers' Cooperative Society Ltd. registered in 1955, has membership strength of 306 with a paid up share capital of Rs. 1,97,300. It runs its business with a working capital of about Rs. 8 lakhs.

The principal business of the society is procurement and supply of the requisite raw materials, equipment and other appliances needed by the weavers and purchase of the finished products of handloom fabrics woven by the weaver-members of the affiliated primary weavers' cooperative societies. Bulk of the handloom fabrics viz. bed-covers, saris, Naga scarfs, door and window curtains and cushions are being exported to the metropolitan towns within the country. In addition to the normal business transactions, a dyeing unit is being operated to enable the society to supply dyed yarns required by the primary weavers societies who supply handloom fabrics on the orders placed by the state society.

The annual turnover of the society is around Rs. 10 lakhs. There is ample scope for its expansion and development with the reorganisation of the handloom cooperative societies from primary level to the apex level.



LONG-TERM COOPERATIVE CREDIT FOR AGRICULTURAL DEVELOPMENT IN INDIA

P. V. Prabhu

Historical Background

THE Land Development Banks, which are also known as 'Land Mortgage Banks' and 'Agricultural Development Banks', were late arrivals on the Cooperative scene in India and in fact were not in existence in many States when the country attained independence in 1947. But now they have a history of half a century in the provision of long-term developmental credit to the farmers for undertaking various improvements on land and in agriculture. Before the introduction of cooperative movement in our country in 1904, the Government provided, in a small way, long-term credit to the cultivators under the Land Improvement Loans Act, 1883. It was, however, ineffective and inadequate. Moreover loans for redemption of prior debts were excluded from the purview of this Act under the rules framed in most of the provinces. The cooperative movement was introduced specifically to fill the gap in the rural credit sector and to create institutional arrangement for credit services to the farmers who were under the clutches of money-lenders. Initially it was felt that the primary credit societies (PCSs) would be able to meet both the short-term credit needs for production and long-term credit requirement for development. Experience and experiments, however, soon proved and opinion crystallised that PCSs by reason of the character of their resources and other obvious limitations, from a banking point of view, can supply only short and intermediate credit and were not suited for providing long-term loans. It was, therefore, decided to organise a separate credit agency in the form of Land Mortgage Banks to cater exclusively to the long-term credit needs of farmers on the recommendations of various Committees and Commissions like Maclagan Committee (1915), Registrar's Conference (1926), Royal Commission on Agriculture in India (1928) and Indian and Central Banking Enquiry Committee (1931).

The present land mortgage banking structure in the country has a history dating back to 1920 when the first land mortgage bank was organised in that year at Jhang in Punjab. Subsequently a few more banks were established in Madras and Bombay States in 1925 and 1929. Established in 1925, the Gudlavalleru Primary Agricultural

Development Bank in the Krishna district of Andhra Pradesh is the oldest existing primary bank in the country. A real beginning is said to have been made when the first Central Land Mortgage Bank was organised in Madras in 1929 on the recommendations of the Townsend Committee. One of the important factors responsible for establishing Central Land Mortgage Bank was to centralise the issue of debentures to raise funds for loaning because the primary banks were considered too weak to raise finances required for their loaning operations in the local money market. They neither had links with provincial centres nor possessed administrative capabilities for that purpose. Further, the funds requirement of the Banks had increased considerably consequent on the introduction of debt relief legislation and scaling down of debts. The following decade witnessed the organisation of similar banks in Bombay, Orissa, Mysore and Cochin which were then known as Indian States. The operations of the Banks then confined mainly for provision of loans for debt redemption.

Growth of long-term Credit Institutions

Prior to 1947, when the country attained independence, the growth of the long-term credit structure and the progress of land mortgage banks were slow and steady. In the thirties, in the wake of great economic depression in the world and its effects in our country, the need to save lands of cultivators from passing into the hands of money lenders was keenly felt. The land mortgage banks which functioned then provided loans for debt redemption on a large scale. Subsequently, the position, however, changed with the outbreak of World War in 1939 when the prices of land and agricultural produce showed upward trend and economic condition of farmers improved to some extent. They were thus able to clear off the debts on their own without recourse to borrowings from the land mortgage banks. Other factors like working of debt legislations and consequent scaling down of past debts of cultivators also affected the working and operations of land mortgage banks for a few years during the period of World War II and immediately thereafter. In 1947, at the time of independence, there were 5 central

land mortgage banks and 268 primaries with loan outstandings of only Rs. 34.2 million.

After independence and with the introduction of planned economic development from 1951 onwards, raising of farm production received significant importance. Since agriculture, like any other industry, required capital investment, the land mortgage banks were assigned a positive role of developing our agriculture. The report of the All India Rural Credits Survey Committee in 1954 is a mile-stone in the history of Land Mortgage Banking, as the Committee appreciated the role of the Banks and made a number of recommendations for strengthening the structure and for improving its services. The most important of them was that the IMBs should orient their operations to production and should give first priority to applications for loans for improvement, reclamation and development of land, purchase of agricultural machinery and equipment and other productive purposes. The Committee also recommended organisation of Central L.M.Bs. in all the States. It was mostly after 1956, the Banks reoriented their policy and started providing loans for developing agriculture. However, in the erstwhile State of Saurashtra, the land mortgage bank organised in 1951 was entrusted with the task of providing loans to tenant farmers under the land reforms measures. In the subsequent years during the plans, the Banks were entrusted with the task of fulfilling the various programmes of agricultural development and gradually, the state governments one by one, as a policy, channelised tacavi loans through the banks thus recognising them as the sole agency for long-term loans.

The land development banks, after a record of over 50 years of service in the field of rural finance, have established themselves as a major agency for provision of credit for development of agriculture. Now there are 19 State Cooperative Land Mortgage/Development Banks operating through 2050 branches and primary banks mostly located at Taluka/Tehsil/block level. Besides in some of the States and Union Territories, where there is no separate long-term credit structure, the State Cooperative Banks (agency for short and medium term credit) are providing long-term developmental credit through a separate Land

Development Banking Section. The total membership of the banks is over 7 million and with share capital aggregating Rs. 1020 million, they are capable of undertaking any programme of agri-

cultural development in India. The progress recorded by the Banks can be seen from the following vital statistics :—

	(Rs. in lakhs)			
	1945-46	1955-56	1965-66	1975-76
No. of CLDBs	5	9	18	19
No. of Primary Banks	284	302	673	2050**
Membership (000s)	142	505	1451	7229
Owned Funds	41.71	132.23	1,803.98	13,950.91
Debentures	397.45	1,494.38	17,837.28	1,41,886.29
Fresh Advances	54.29	283.04	5,641.21	19,486.67
Loan outstanding	312.49	1,308.21	16,326.04	93,548.10

* one lakh is hundred thousand,

** including 887 branches of CIDBs

Lending policies

The land mortgage banks came into being mainly to relieve the agriculturist of the burden of indebtedness in the wake of the economic depression of the thirties. Hence the banks advanced loans initially mainly for redemption of prior debts and mortgages of land. In the subsequent years the demand for such loans however declined. After independence and with the advent of economic planning, the need for credit for financing capital investment in land and agriculture received greater emphasis. The All India Rural Credit Survey Committee (1954) appreciated the role of the banks and made a number of recommendations for strengthening the structure and for improving the working. The Committee emphasised the need for provision of loans for production-oriented purposes. The Committee on Tacavi Loans and Cooperative Credit (1962) recommended channeling of developmental loans through land mortgage banks thus recognising

them as the sole agency for all long-term loans in the States.

As a result of the above developments, there was a shift in emphasis in favour of loans for productive purposes and the banks in the later part of fifties started reorienting their loaning policies suitably. It was in keeping with such a trend, that in many States the 'Land Mortgage Banks' came to be known as 'Land Development Banks' which also signified a shift from land mortgage banking to land development banking. Now under the production-oriented lending system, the banks provide over 90% of their loans for identifiable productive purposes. Development of minor irrigation is the most important single purpose accounting for about 70% of the total credit disbursements of the banks.

The dwindling scope for development of minor irrigation due to limited ground water potential in some states, resulted in diversifying the loaning

business of land development banks. The scope for diversification of loans for various non-traditional purposes which are also equally productive in nature, is considerable. The diversified operations of L.D.Bs. now cover financing farm mechanisation, command area development, soil conservation, horticulture, dairy development, poultry farming, sheep rearing, pisciculture etc. The banks also intend to finance for processing of agricultural commodities including fruits and vegetables, construction of godowns and market yards and other agro-based industries in rural areas. Financing for objects subsidiary to agriculture would help farmers to supplement their income and improve their economic conditions.

The land development banks are conscious of their responsibilities consistent with the socio-economic policies of the Government. They have, therefore, progressively reoriented their lending policies and procedure to cater to the needs of small and marginal farmers, who form the backbone of our agriculture. Credit disbursement to the weaker sections of the farming community is steadily increasing and soon the banks hope to provide a major portion of their loans to cover more and more of needy small farmers.

Special Projects and Programmes

The land development banks are not only charged with the responsibility of implementing the Plan Programmes, but also various other special schemes and projects of the state governments and the Government of India. The banks are thus the most important credit institutions in the country, meeting bulk of the credit needs of farmers under various developmental programmes. For instance in the Small Farmers Development Agency (SFDA) project areas, long-term investment needs of identified small farmers are met by the banks effectively. Likewise, in command area development programmes under the major irrigation projects, the banks finance a number of developmental activities including levelling of land and construction of field channels.

The establishment of the Agricultural Refinance Corporation in 1963 which is now known as Agricultural Refinance and Development

Corporation gave a flip to the loaning operations of L.D. Banks. The Land Development Banks as a group are the main institutions accounting for a major portion of refinance provided by the ARDC. As on 30.6.1977 the Banks have availed Rs. 5764 million under 1576 schemes which account for 70.71% of Rs. 8152 million provided by the Corporation to all the eligible institutions since inception. In 12 States, the Banks have either implemented or are implementing IDA Credit Projects with financial outlay of Rs. 4872 million besides financing various schemes under World Bank/IDA assisted ARDC general line of credit.

Achievements during Plans

With the beginning of the process of planned economic development in the country since launching of the First Five Year Plan in 1951, the Land Development Banks have come to stay as one of the important agencies for implementing the programmes of agricultural development. However during the First Plan (1951-52 to 1955-56), the banks were not assigned any target for loans as there were not many banks operating in the country and that they did not provide loans for developmental purposes. From the Second Five Year Plan onwards, the banks were given regular targets which they successfully fulfilled as could be seen from the following figures :

	(Rs. in million)	
	Target	Loans Issued
I Plan (1951-52 to 1955-56)	—	110
II Plan (1956-57 to 1960-61)	250	370
III Plan (1961-62 to 1965-66)	1500	1660
3 Annual Plans	2950	3000
IV Plan (1969-70 to 1973-74)	9000	7870

The above progress during the Plans also shows the significant growth recorded by the long-term credit sector. For the current Fifth Five Year Plan (1974-75 to 1978-79), a lending programme of Rs. 15000 million has been envisaged. The banks have, during the first three years of the Plan (1974-75 to 1976-77), disbursed about Rs. 6000 million and hope to do well in the remaining two years to fulfil the loaning target.

National Federation

Establishment of the National Cooperative Land Development Banks Federation in 1960 has been an important step for the promotion of the interests of the Land Development Banks in the country. Since then the Federation has steadily expanded its activities and has been rendering useful service to its member banks. The Federation has achieved considerable success in providing a common forum for discussing the problems confronting the long-term credit sector and devising ways and means of solving them. In establishing co-ordination and promoting understanding among member banks and other agencies like governments, RBI and ARDC, the Federation has served as a vital link. The promotional role which the Federation is expected to play has been considerably widened in the recent years. The activities, *inter-alia*, cover, organising Conferences and Seminars, undertaking research and studies through the Technical and Research Cell, sponsoring of study teams to the developing banks, co-ordinating investments in debentures and in sinking fund and publication of information and publicity material, as also a quarterly 'Land Bank' Journal.

Agriculture being the main occupation of the majority of the people in India, is a major contributor to the national income. The task of the L.D.Bs. is to develop this priority sector not only for realising increased production but also for raising the economic standards of the farmers. The Federation assists its constituents in the attainment of this goal.



Unite for national strength

MINI BANKS IN HARYANA

J. S. Chauhan

Emergence of Mini Banks

IN an effort to make the base level of the cooperative credit structure strong, viable and fit to serve the rural areas effectively and efficiently, the State of Haryana added a memorable chapter in the annals of Cooperative Credit Movement with the completion of a programme of amalgamation of Village Credit Societies in February, 1976. There were 6189 Village Credit Societies in the State as on 30 June, 1975. Though these societies were contemplating to render useful services but suffered from a number of inherent ailments. The membership and volume of business were low, the area served was small which decreased the potentiality of these societies becoming viable and economic units capable of having regular office with services of a whole-time paid manager. It is a matter of pride that Haryana is the first State in the country to reorganise the Primary Cooperative Credit & Service Societies on the basis of one society for each *patwar* circle having cultivated area ranging between 1500 and 2800 hectares. The programme of amalgamation was taken up vigorously and was completed within a short span of 3 months resulting in the emergence of 2168 reorganised Cooperative Credit & Service

Societies, popularly known as Mini banks, to serve 6731 villages in Haryana.

It was recognised that mere amalgamation of societies would not lead to their success. Amongst the various steps required to be taken for their success and growth, it was conceded that a clear concept of the society at base level be spelt out. It was realised that in the past, these Societies, wherever they were reorganised, did not succeed due to, amongst other factors, lack of clear and proper concept about them and their place in the whole hierarchy of the cooperative movement. In Haryana, it has now been accepted that the new societies would not succeed if the responsibility of providing credit and other services to their members is devolved on them only. For their success, it is essential that other cooperative institutions, at the central and apex level, work to channel their services through these societies. The reorganised society is conceived as a channel rather than a reservoir and supplier of services on its own. It is accepted that other central and apex cooperative institutions and in fact even other non-cooperative institutions such as the Agriculture University and Government departments should pass on their services to the ultimate receiver, namely the farmer, the artisan, the landless labourer, women etc., through the reorganised society.

With the clarity of conception, a date-bound post merger action programme was drawn and implemented to ensure that the mini banks play the role assigned to them in the service of rural population of the State. The period after the completion of the programme of amalgamation was marked by strenuous efforts and activities and there is no exaggeration to say that this was the busiest of all periods in the history of cooperative movement in the State. This was so because doubts, in certain quarters, regarding the desirability of reorganisation of societies had put the programme of reorganisation into a sharper focus and the challenge had to be met with a sense of duty, high spirits, vigour and dedicated efforts. Everything was taken up in a crusading spirit. The securing of records, merger and reconciliation of accounts, setting up of regular offices, creation of a common cadre for managers, recruitment and training, their framing and adoption of new bye-

laws, transfer of supervision of mini banks from the Cooperative Department to the Cooperative Banks, simplification of loaning and accounting procedures were some of the essential steps taken immediately after the merger of societies.

All the mini banks were provided with whole-time paid managers with regular offices working from 10 A.M. to 5 P.M. The whole-time managers are borne on a common cadre of the respective Central Cooperative Bank. Every mini bank contributes towards the 'pay-fund of Manager' @ 1½ per cent of its average loans outstanding. The deficit in the 'pay fund' is shared by the Central Cooperative Banks and the State Cooperative Bank in the ratio of 3 : 1. In order to facilitate speedy disposal of loan applications and to ensure regular flow of credit, a new orientation in the lending policies has been made and pre-sanction and post-sanction operational procedures have been simplified. The maximum credit limits of the members sanctioned earlier by the General Body are now being sanctioned by the Managing Committees of the mini banks. The managers of the mini banks have been empowered to sanction loans and issue cheques/Loan Payment Orders (L.P.Os.) against the maximum credit limits. A Loan Manual and an Account Manual have been got prepared by the Apex Bank and supplied to the Central Cooperative banks and the mini banks for the guidance of each functionary. The accounting procedures have been improved and double entry system of account-keeping has been introduced. Necessary job-oriented training has been imparted to the managers of the mini banks and other functionaries in the State. In order to make the membership broad-based in mini banks, there is a provision of universal membership in terms of which any person applying for membership in a society, automatically becomes member from the date of his application, until and unless he is found ineligible. Adequate representation to weaker sections on the Managing Committees of the societies has been provided. Now as many as 3 members from weaker sections can occupy a place in the management of the mini banks by virtue of election or nomination. The financial supervision over the societies affiliated with the Central Cooperative banks have been transferred to them from the Cooperative Department from 1st July,

1976 and the Central Cooperative Banks have recruited their own staff for the purpose. Consequently, the Central Cooperative Banks and the Apex Bank have been brought on the stage to play an increasingly important role in the promotion and development of mini banks.

At the beginning of the year, each mini bank was given a definite target for achievement for its systematic and speedy development. Each mini bank prepared a business plan for the year 1976-77 after making proper assessment of the existing situation and credit needs of the rural population in its area of operation. A micro-level assessment was made. The business-plans so prepared by the mini banks were compiled to prepare a district plan and, in turn, a State Plan. Out of 2168 reorganised societies, 140 are being financed by the commercial banks and thus this State Plan covered 2028 reorganised societies which are being financed by the Central Cooperative banks. In the Plan targets, special attention was given to the weaker sections, small and marginal farmers, agricultural labourers, rural artisans, landless labourers and scheduled castes. At least 33 per cent of the resources are reserved for weaker sections and as such, mini banks have been steered more and more in a direction where the business and service goals blend to help the vast masses at the lowest rung of the ladder. Each Central Cooperative bank at district level and the Haryana State Cooperative bank at the State level constantly review and monitor the progress achieved against the targets set and take appropriate follow up measures on the basis of such reviews.

The mini banks have completed their one year of existence. The period of one year for mini banks, in fact, could rightly be termed as a 'Period of consolidation', as much of the paraphernalia required for their proper and efficient working had to be built in and provided during this period. But an appraisal of their working results would certainly lead one to eulogise this as an year of expansion and growth. The results, during the short span of one year are encouraging and they have done well indeed. A glance on the following statistics will be helpful for appreciating the achievements under the various activities of banks in the State.

Progress of Mini Banks (affiliated with Central Cooperative banks) during 1976-77

(Amount in lakhs of rupees)

Type of activities	Position as on 30-6-76	Achievement as on 30-6-77
1. Membership (In 000's)	651	795
2. Average membership per society	321	388
3. Percentage of families covered to total rural families in the State	41	56
4. <i>Advances made</i>		
(i) (a) S. T. Agri	4042.00	5739.00
Out of which advances to small and marginal farmers	1360.00	2055.00
(b) M. T. Agri.	200.00	554.00
(ii) <i>Rural Artisans</i>		
(a) S. T.	1.00	77.00
(b) M. T.	—	3.00
(iii) S. T. non-agri. loans to petty shopkeepers, land- less labourers and other professionals	66.00	208.00
(iv) Consumption loans for weaker sections	—	124.00
TOTAL :	4309.00	6705.00
5. Consumer goods sold	41.00	252.06
6. Agricultural inputs sold	246.00	1055.00
7. Deposits raised	73.00	104.00
8. Gross income	527.00	596.00
9. Expenditure	502.00	562.00
10. Profits	25.00	34.00
11. <i>Loan advanced (average loan per society)</i>		
(i) S. T. Agri.	1.99	2.79
(ii) M. T. Agri.	0.09	0.27
(iii) S. T. Rural Artisans	—	0.04
(iv) M. T. Rural Artisans	—	Rs. 172.00 only
(v) Consumption loans	—	0.06
(vi) Others	0.03	0.10
TOTAL :	2.11	3.26
12. <i>Loan advanced (average per member)</i>	Rs. 662.00	Rs. 844.00

The above table would indicate the following broad trends. There has been a great expansion in the membership. Only one member from one family is eligible to be enrolled as a member of the society and hence, membership of a large number of persons was terminated. Otherwise, the actual increase in membership was more than what is reflected herein.

There is an increase of 37 per cent in the number of families covered during the year 1976-77 over that of last year.

The total cropped area in the State 48.39 lakh hectares which consists of 25.94 lakh hectares and 22.45 lakh hectares of irrigated and unirrigated land respectively. The total short-term credit potential in the State has been estimated at Rs. 92.91 lakhs. During the year 1975-76, the cooperatives met 43 per cent of the credit needs for short term agricultural purposes in the State. But after the reorganisation of societies, the mini banks have fulfilled 62 per cent of the short-term agricultural credit needs thereby claiming an increase of 44 per cent over that of last year.

The sale of consumers' goods increased by six times during the year.

The sale of fertilisers increased by more than four times during the year.

Average loaning per society was Rs. 2.11 lakhs at the end of the previous year and this increased to Rs. 3.26 lakhs during the year 1976-77.

Thus, it is apparent that the record made by the mini banks during their first anniversary is indeed a scintillating one, but whatever has been done, is not claimed to be the final achievement. Still, much remains to be achieved. The mini banks and those concerned and interested in their work-

ing and growth are conscious of the short-falls, deficiencies and the problems in various spheres and particularly of deposit mobilisation, member-education and non-official leadership. They are of course, hopeful to make good in the years to come. The first year of working of mini banks has clearly proved their suitability and potentiality to be an effective instrument and channel for the balanced economic growth and development of rural areas of the State.

There have been certain important factors which have contributed to the good results achieved by the reorganised societies in the reorganisation of societies in such a short period and in drawing up and completion of a date-bound post-reorganisation programme. This is due to dedicated and enlightened leadership at the official level and full cooperation of non-official leadership.



Dowry does not pay. It only hurts

FROM HERE AND THERE

Assistance to Cooperative Sugar Factories

The Corporation sanctioned a loan assistance of Rs. 52 lakhs to the Government of Karnataka for contribution as share capital of Shrirama Sahakari Sakhar Karkhana Ltd., district Mysore.

NCDC sanctioned an additional loan of Rs. 6 lakhs to the Government of Karnataka for participation in the share capital of Mahadeshwara Sahakari Sakhar Karkhana Ltd., Kollegal, district Mysore.

NCDC also sanctioned Rs. 75 lakhs to the Government of Gujarat for rehabilitation of Charotar Sahakari Khand Udyog Ltd., Palaj, district Kaira.

Dairy Cooperatives

NCDC sanctioned a loan assistance of Rs. 32 lakhs to the Government of Rajasthan for assisting the Udaipur Jila Dudh Utpadak Sahakari Sangh, Udaipur for establishment of a milk processing plant of 25,000 litres per day capacity at Udaipur. The total block cost of the dairy unit is Rs. 50.20 lakhs.

The Corporation also sanctioned a loan of Rs. 20 lakhs to the Government of Rajasthan for assisting the Kota Zila Dudh Utpadak Sahakari Sangh Ltd., Kota for establishment of a milk processing plant of 20,000 to 30,000 litres per day capacity at Kota. The total block cost of the dairy unit is Rs. 52.50 lakhs.

Assistance for Jute Baling Unit

NCDC sanctioned Rs. 1.16 lakhs to the Government of West Bengal for assisting Raninagar Block II Primary Agricultural Cooperative Marketing Society Ltd., for setting up of Jute baling unit and transit godown.

Assistance for Procurement and Marketing of Lac

NCDC reimbursed Rs. 4 lakhs to the Government of Bihar against the contribution made by it towards the share capital of Bihar State Cooperative Lac Marketing Federation Ltd., Ranchi for procurement and marketing of lac.

Assistance for construction of Godowns

NCDC sanctioned Rs. 18.75 lakhs to the Government of Orissa for assisting construction of nine central godowns, one of 2500 M.T. capacity and eight of 1250 M. T. capacity each by the Tribal Development Cooperative Corporation of Orissa Limited.

National Cooperative Development Corporation sanctioned Rs. 2.325 lakhs to the Government of Gujarat for assisting construction of eight rural godowns of 100 tonnes capacity each by five group service cooperative societies and three service cooperative societies and three mandi level godowns of 250 tonnes capacity each by three purchase and sale unions in the state.

NCDC sanctioned Rs. 2.58 lakhs to the Government of Orissa towards reimbursement of the amount released by it towards construction of two rural and 11 marketing godowns.

NCDC sanctioned Rs. 2.10 lakhs to the Government of Assam towards construction of 14 rural godowns of 150 tonnes capacity each.

NCDC sanctioned Rs. 3.83 lakhs to the Government of Assam as reimbursement finance of the amount released by it towards construction of 34 rural godowns.

For assisting construction of one rural godown of 100 M. T. capacity each by six Large Sized Multipurpose Cooperative Societies in West Bengal, NCDC sanctioned Rs. 0.99 lakhs to the State government.

Fruit and Vegetable Cooperatives

NCDC sanctioned Rs. 5.784 lakhs to the Government of Assam for assisting the Howly Marketing Samabay Samiti Limited, Howly for expansion of its fruit processing unit.

National Cooperative Development Corporation reimbursed Rs. 1.20 lakhs to the Government of Assam as ways and means advance for the establishment of fruit processing unit by the Fuler-tal Agricultural Products Processing and Marketing Cooperative Ltd., district Cachar.

Cold Storage Cooperatives

NCDC released Rs. 1.44 lakhs to the Uttar

Pradesh Cooperative Bank Ltd., Lucknow as reimbursement finance towards the block loan assistance released by the bank to the Khutahan Cooperative Marketing Society, Khutahan, district Jaunpur for establishment of a 2000 tonnes capacity cold storage.

NCDC sanctioned additional assistance of Rs. 1.30 lakhs to the Government of Himachal Pradesh towards establishment of cold storage and ice plant by the Himachal Cooperative Cold Store Ltd., Nagrota Bagwan, district Kangra.

NCDC sanctioned Rs. 2.07 lakhs to the Uttar Pradesh Cooperative Bank Ltd., Lucknow as reimbursement finance towards the block loan assistance released by the bank to the Bindki Sahakari Kraya Vikraya Samiti, Bindki.

Textile Cooperatives

National Cooperative Development Corporation rendered Rs. 20 lakhs to the Government of Gujarat towards reimbursement against its release of assistance to the Saurashtra Cooperative Spinning Mills Ltd., Limbdi towards provision of margin money assistance.

The Corporation sanctioned Rs. 20 lakhs to the Government of Andhra Pradesh for strengthening the share capital base of the Andhra Pradesh State Handloom Weavers' Cooperative Society Ltd., Hyderabad.

Cotton Ginning and Pressing Units

National Cooperative Development Corporation sanctioned Rs. 1.806 lakhs to the Government of Karnataka towards reimbursement of loan already released by the State Government to the Sindhanoor Taluka Agricultural Produce Cooperative Marketing Society Ltd., Sindhanoor for setting up the ginning and pressing unit.

Assistance for Cashew Processing Units

NCDC sanctioned Rs. 1.83 lakhs to the Government of Orissa by way of reimbursement against the contribution made by the Government towards share capital of Chatrapur Cashewnut Processing and Marketing Cooperative Society.

OUR CONTRIBUTORS

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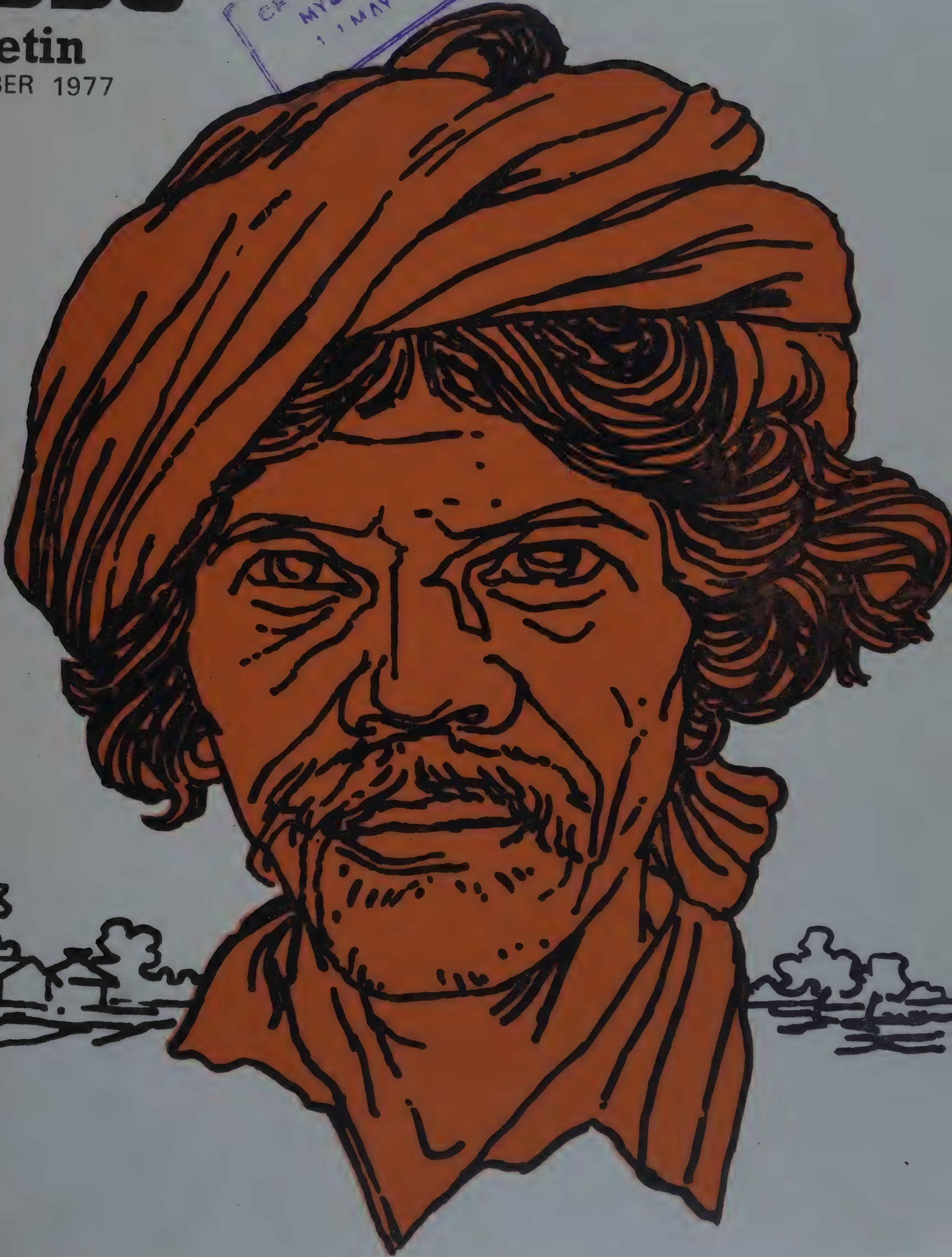
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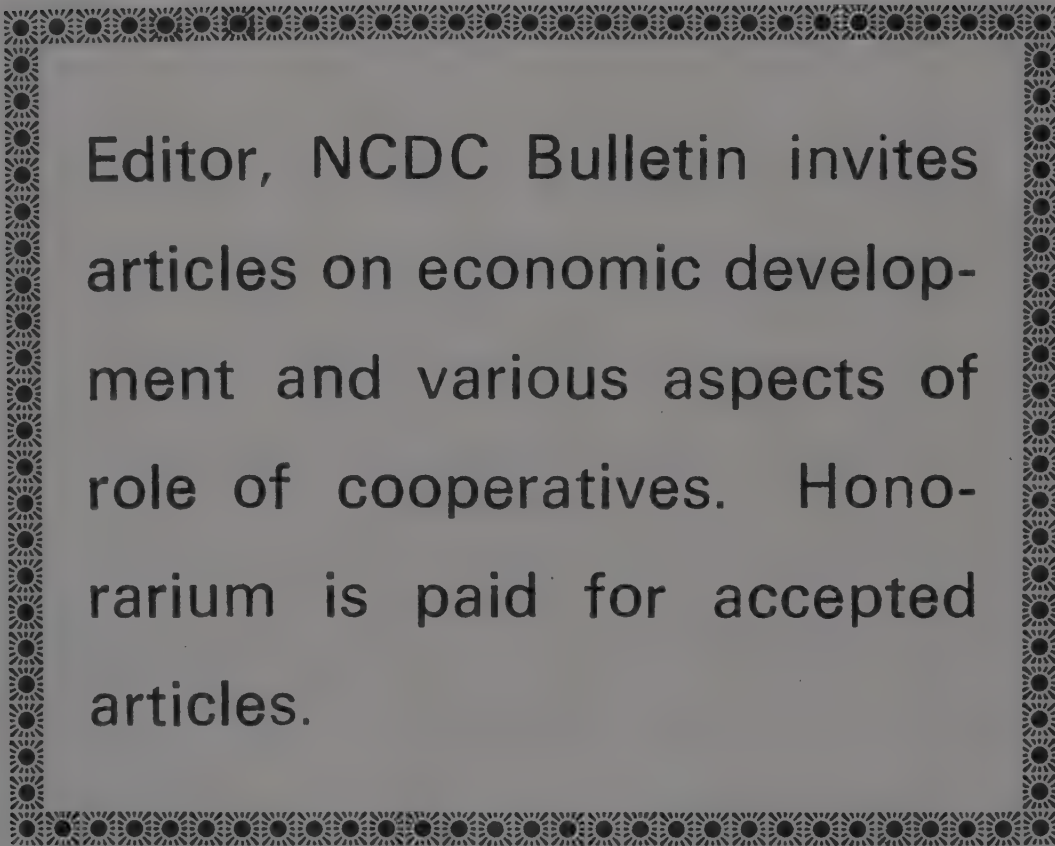
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EDITOR : **N. N. Trehan**

Views expressed in articles published are of the authors and not necessarily of the Corporation.

OUR NEW MANAGING DIRECTOR



SHRI Vipin Behari Lal Mathur has taken over as Managing Director of the National Cooperative Development Corporation on 3rd November, 1977.

Born on January 24, 1934, Shri Mathur obtained his Master's Degree in English literature from Delhi University in 1955.

On joining the Indian Administrative Service in 1956, his first posting was at Amroha in Moradabad district of U.P. as Joint Magistrate. He worked as Block Development Officer and Vikas Adhikari of the Panchayati Samiti at Thana Ghasi. Shri Mathur belongs to the Rajasthan cadre and his first posting in the State was as Collector of Jalore district in 1960. After a year, he went on deputation to the Government of Himachal Pradesh as Registrar of Cooperative Societies, Director of Civil Supplies and Secretary, Department of Civil Supplies and Cooperation.

In 1965, Shri Mathur visited the United Kingdom under Sponsored Visitors Programme to study working of cooperative societies, particularly

Cooperative Sugar Markets and Department Stores.

He was also Member-Secretary of the Committee on Cooperative Marketing and Processing in Himachal Pradesh.

He had his first tenure in the Central Government as Director (Consumer Division) in the erstwhile Ministry of Food, Agriculture, Community Development and Cooperation.

He sustained his deep interest in urban consumer cooperatives when he looked after the management of Super Bazar, Delhi, as its General Manager from 1968 to 1971. Related to the same subject, he attended Seminar on Retail Management and Shop Layout in Tokyo in 1971.

On return to his State he took over as Commissioner, State Enterprises, Government of Rajasthan and thereafter held the key post of Secretary to the State Department of Personnel.

In 1975, he was again appointed as Commissioner of State Enterprises and in this capacity he was Director Incharge of Ganganagar Sugar Mills and was also a Government nominee on the Boards of Management of a number of public and private sector companies viz. J.K. Synthetics Ltd., and Rajasthan Weaving & Spinning Mills Ltd. He was also Chairman of the Jaipur Metals & Electricals.

Shri Mathur also attended a Seminar on Retail Management at Lahore in Pakistan which was sponsored by the International Cooperative Alliance.



NEW HORIZON IN AGRICULTURAL PRODUCTION IN INDIA

Surjit Singh Barnala

SINCE agriculture plays a crucial role in the Indian economy, and as many as eight out of ten persons reside in rural areas, development of agriculture has to be viewed in the wider context of augmenting agricultural production, integrated rural development, raising standard of living of the down-trodden and enlargement of employment opportunities. Efforts have also to be made for wider and equitable distribution of the gains of development among different regions and different sections of the population.

Since the inception of the Planning process in the country agricultural output has registered an increase. This increase, however, has not been commensurate with the growing requirements for several commodities and agricultural production still continues to be subject to the vagaries of weather. It is our constant endeavour to step up the production of all the important crops and also to minimise fluctuations in agricultural production due to weather anomalies.

Measures to Check Production Variations

Area available for agriculture being limited, greater reliance will have to be placed on productivity. For many crops, this will mean a very significant step up in productivity, even much more than what has been achieved in the recent past. Efforts in modernising agriculture through the application of science and technology have yielded fairly good results in the production of wheat and rice but these have still to show significant results in some other important crops. Production of pulses continue to show a stagnant trend, while cotton and oilseeds are in short supply. Measures to increase the production of these crops immediately through appropriate strategies have, therefore, been initiated recently.

Among foodgrains, a breakthrough in rice similar to that of wheat has yet to be achieved. Steps to augment rice production are designed to suit diverse agro-climatic conditions such as heavy

rainfall, temporary water-logging, occasional drought and low-lying areas under which the crop is grown. Efforts have been made to identify the main constraints in achieving higher output in different regions and to find suitable solutions.

Production Strategy

In Uttar Pradesh, Bihar, West Bengal, Orissa and Madhya Pradesh, an enlarged programme has been taken up to assist the States in raising paddy nurseries at places where irrigation facilities are available. This would enable the farmers to advance the transplanted period and to grow rabi crops in time after the kharif crop has been harvested. A programme of line-sowing of paddy, which will facilitate early removal of weed and top dressing of fertilizers at an early stage, has been taken up in large parts of these States. This would ensure better plant protection and growth of the crop. Some new and simple bullock-driven implements have also been introduced on a pilot basis, in order to assist the farmers in undertaking the programme.

On the wheat front, the strategy that is being adopted for securing greater increase in production envisages popularisation of the recommended package of practices and extensive education of farmers in timely sowing of high-yielding varieties as also identification of pest-resistant varieties. A new scheme of 'minikit' programme for wheat is being implemented for identification of suitable varieties and obtain the farmers' response before the new varieties are adopted for large-scale cultivation.

Production of Coarse Grains

For boosting production of coarse grains such as jowar, bajra and maize which are, by and large, grown under rainfed conditions and partly under semi-arid conditions, the main strategy is to increase the coverage of high yielding varieties. As inadequacy and variation of rainfall often leads to failure of coarse grain crops, priority is being given to evolve suitable varieties and improved farm practices including soil and crop management under rainfed conditions through the implementation of Centrally Sponsored Scheme of pilot pro-

jects on dry farming. These projects are established in close proximity of the research centres for dry farming.

Oilseeds, Cotton & Pulses

In the recent months, the country has witnessed shortages of oilseeds, cotton and pulses. These are mainly grown under rainfed conditions which account for wide fluctuations in production. These crops are, therefore, being given special attention by the new Government.

The demand for vegetable oils and oilseeds has been rising faster than their production. Certain measures which can yield quick results in augmenting the production of oilseeds have been taken. These include (i) large-scale plant protection operations for control of pests and diseases of groundnut, rapeseed and mustard. For this purpose, a special scheme for aerial spraying has been taken up with provision for a substantial amount of subsidy to meet the cost of aerial spraying; (ii) launching a special campaign to encourage the use of phosphatic fertilisers on groundnut in selected districts having the largest area under the crop; (iii) covering larger area under irrigated summer crops in Andhra Pradesh, Karnataka, Tamil Nadu and Orissa; (iv) strengthening the seed production programme for which funds will be provided to the Agricultural Universities, the National Seeds Corporations and the State Governments to take up large-scale production of breeders', foundation and certified seeds of oilseed crops, particularly groundnut.

In addition, package programme approach under the Intensive Oilseeds Development Programme is also being continued for intensive production of groundnut and mustard and popularisation of improved varieties of castor seed. Cultivation of non-traditional oilseeds like sunflower and soyabean on a large scale is being promoted. The implementation of these programmes in the States is expected to stabilise and increase the production of oilseeds in the country.

Production of Cotton

The measures taken for increasing production

of cotton include (i) aerial spraying over large areas for the control of insects/pests of cotton. (Cent per cent cost of aerial spraying will be met in the case of small and marginal farmers and 70 per cent in others); (ii) extending the existing Intensive Cotton Development Programme to cover an additional area of 1.4 lakh hectares in seven important cotton-growing districts; (iii) providing properly treated quality seeds to the farmers to ensure optimum plant population for higher productivity and (iv) stepping up of certified seed production, particularly in Punjab, Haryana, Rajasthan, Madhya Pradesh and Andhra Pradesh.

Production of Pulses

A National Campaign based on a multi-pronged strategy has been launched to considerably step up the production of pulses. The strategy includes both short-term and long-term measures. The short-term measures consist of large-scale application of phosphatic fertilisers, adoption of need-based plant protection measures, extension and training, increasing the area under pulses (but not at the expense of the main crop), cultivation of moong and urad in rice fallows and intercropping of pulses. The long-term measures include a Central scheme for the production of breeders', foundation and certified seeds, research and development programmes in agricultural research institutes and agricultural universities on new high yielding varieties, their multiplication and Central assistance for intensive development of pulses.

Water Management

Since water is the basic input for increasing agricultural production, highest priority is being accorded to the expansion of irrigation facilities. As against the achievement of 5.2 million hectares of additional irrigation during the last three years, definite programmes are being drawn up to accelerate the pace of development of irrigation. A forward-looking and determined irrigation plan (major, medium and minor) will have to be developed aiming at bringing four million hectares under irrigation annually.

The main ingredients of this plan include :

- (i) Follow up of all on-going major and

medium projects and their timely monitoring to remove bottlenecks so as to adhere to their schedule of completion. Every effort is also being made to advance this schedule.

- (ii) Development of new projects and removal of the present paucity of well-investigated projects. Besides, investigation and formulation of project reports will be stepped up.
- (iii) Intensified groundwater development, particularly in States with larger groundwater resources.
- (iv) Development of command areas on a high priority in order to actually utilise the potential created. Remodelling and modernisation of the existing systems that are threatened with the loss of their command areas, is being taken up.
- (v) Expeditious resolving of the Inter-State Water disputes.

Despite these measures, large areas in the country would still have to practise unirrigated agriculture. The approach in the development of such areas is two-fold. (i) transfer of dry farming technology to the farmers' field and (ii) large-scale soil conservation and land development programmes which would generate substantial employment. This approach would also help in controlling erosion, improving soil fertility and conserving moisture.

Promotion of Fertilisers' Use

The consumption of fertilisers is regarded as an index of adoption of modern technology in agriculture. While fertiliser consumption has been increasing over the last few years, it is still far below the desired levels. Persistent efforts are, therefore, being made to step up its use. A number of measures including reduction in prices of fertilisers have been taken up with a view to encouraging the use of this vital input. It is planned to achieve the consumption level of 4.2 million tonnes during 1977-78 as against 3.4 million tonnes actually consumed during 1976-77. An enlarged Intensive Fertiliser Promotion Campaign has also

been launched in 66 districts in the country where the present consumption is low but potential high due to the availability of irrigation and assured rainfall. A number of new retail distribution points have been opened and adequate credit support provided. The programme of development of local manurial resources is also being pursued vigorously.

Seed Production

High priority is also being assigned to the production of quality seeds, including high yielding varieties, to enable the country to become self-sufficient in as short a period as possible in the production of various crops. It is proposed to extend the area under high yielding varieties of foodgrains to 37 million hectares during 1977-78 as also to improve the coverage under improved varieties of other crops.

A comprehensive programme of seed production, processing and marketing of high quality seeds is being undertaken. This programme will also cover production and processing of breeder and nuclear seeds, establishment of facilities for production of foundation and certified seeds and creating outlets for organised seed marketing programme.

Another important activity under this programme would be the building up of reserve stocks of foundation and certified seeds. The Government will also assist the National Seeds Corporation in building up and maintaining reserve stock of foundation and certified seeds of maize, sorghum, bajra, paddy and wheat through grants to cover the capital cost. Seed Corporations are also being set up in a number of states.

Plant Protection

The introduction of high-yielding varieties of cereals and fibre crops in the course of the last few years has brought to the fore problems of pest and disease management. Greater emphasis is accordingly being laid on effective plant protection programmes. The Government have adopted an integrated approach towards pest management through which all the methods of control—manual,

mechanical, biological and chemical—would be used.

Incentives for Production

The need for providing various incentives and encouragement to farmers for increasing agricultural production has been recognised by the Government. Price policy has an important role to play in including farmers to augment production and to that end, to adopt modern agricultural practices. The Government have, over a number of years, been fixing minimum/support/procurement prices. The Agricultural Prices Commission advises the Government, on continuing basis, on price policy for different crops, with a view to evolving a balanced and integrated price structure in the perspective of the overall needs of the economy and with due regard to the interests of producers and consumers. While formulating its recommendations, the Commission is enjoined to keep in view, among others, (i) the need to provide incentive to the producer for adopting improved technology and for maximising production, (ii) the need to ensure rational utilisation of land and other production resources; and (iii) the likely effect of the price policy on the rest of the economy, particularly on the cost of living, wages, industrial cost structure, etc. The Commission keeps under constant review the trends in prices, production cost of production, etc., of the agricultural commodities and makes its recommendations in the light of these trends.

During 1977-78 wheat marketing season, the procurement price has been raised to Rs. 110 per quintal without in any way increasing the issue price. Further, the quality specification of wheat was relaxed to ward off undue loss to farmers due to untimely rains. Support prices for cotton, oil-seeds and jute have also been raised. Subsidies are also an important non-price incentive for inducing farmers to take to new technology and/or undertake subsidiary occupations for raising agricultural production and incomes. Such subsidies are being given under the special programmes for the tribals, small and marginal farmers and agricultural labourers. Under the scheme for Integrated Dryland Agricultural Development, subsidy is given on inputs.

Land Reforms

Land reforms constitute an important plank of the programme of socio-economic development of the rural society. The objectives of the land policy have been the removal of such motivations and other impediments in increasing the agricultural production as arise from the agrarian structure inherited from the past and the elimination of all elements of exploitation and social injustice within the agrarian system so as to ensure equality of status and opportunity to all sections of rural population. These objectives are sought to be achieved through specific programmes for abolition of all intermediary interests between the State and tillers of the soil, regulation of rent, provision, of security of tenure to tenants with a view to conferring ultimate ownership on them, imposition of ceiling on agricultural holdings, distribution of surplus land among the landless and small holders and consolidation of holdings. Laws imposing ceiling on land holdings have been enacted in all the States with a view to removing disparity and distributing surplus lands among the landless persons, preferably those belonging to scheduled castes and scheduled tribes. An area of 14.3 lakh hectares of land has been declared surplus under the revised measures. Of this, 7.8 lakh hectares have been distributed among 7.9 lakh beneficiaries, the allottees of surplus land being mostly agricultural workers and marginal farmers who are unable to take to the cultivation of the allotted land without financial assistance and other supporting facilities. Suitable assistance is therefore being provided to them and nearly Rs. 6 crores have already been distributed among the allottees. Besides, extensive areas of available waste land belonging to Government have been distributed and distribution of such land by the State Government is a continuous process. Most of the waste and Nazul lands available with the Government for distribution have been distributed.

Diversification of Agricultural Economy

With a view to diversifying the agricultural economy, much greater stress will be laid on animal husbandry, dairying, fisheries and forestry. Based on the experience of the first phase of

Operation Flood, the second phase of Operation Flood, which is much larger in dimension, is proposed to be taken up. Efforts would also be made to keep the prices of feeds like groundnut cake, rice bran, etc., within reasonable limits, if necessary, by restricting their exports.

The National Animal Feed Board has recently been constituted to monitor all aspects of procurement, distribution, pricing and quality of animal feed nutrients. The potential for development of margin fisheries has further increased after the declaration of exclusive economic zone of 200 miles around our coast. Suitable steps would be taken to chart, map and optimise exploitation of fishery resources.

Forest Policy

The revision of national forest policy is under active consideration of the Government and greater attention will be paid to the quick-growing and economic plantations as also to social forestry programmes.

Rural Credit

In the field of rural credit the emphasis is on progressive institutionalisation with multi-agency approach. The policy is to ensure substantial step up in the quantum of credit for supporting various rural development programmes, particularly those in favour of the weaker sections of the community.

The policy of meeting the credit requirements of the weaker sections of the community on a priority basis continued to be reflected in the loaning operation of the financing institutions. According to the stipulation of the Reserve Bank of India, not less than 20 per cent of the short-term agricultural loans of the cooperatives is to be issued to the small economically weak farmers. The Regional Rural Banks, now numbering 48 have been set up primarily to meet the credit requirements of the weaker sections. Their advances were of the order of Rs. 8.9 crores for agriculture and out of this direct advances for small and marginal farmers and agricultural labourers were

Rs. 7.4 crores representing 81 per cent of the total agricultural advances.

According to the National Commission on Agriculture the graduated requirements of credit from institutional sources in 1985 will be of the order of Rs. 9,400 crores for both short-term and medium and long-term purposes. Of this, the share of the small and marginal farmers has been worked out at Rs. 3,788 crores. With a view to achieving this target, it is proposed to double the supply of institutional credit within the next three years starting from 1978-79.

Employment Generation

For tackling the problem of unemployment and under-employment in the rural areas, several new initiatives have been taken. During the current year, three new schemes are being implemented. These relate to (i) desert development in the hot arid zones of Rajasthan, Haryana and Gujarat and cold arid zones of Jammu & Kashmir and Himachal Pradesh; (ii) construction of rural roads with local involvement, and (iii) development of primary markets in rural areas on a pilot basis and the regulation of markets in the tribal hill and drought-prone areas. Besides, a scheme to utilise foodgrains from the surplus stocks to generate additional employment in rural areas has also been taken up.

The programme of integrated rural development which mainly aims at generation of employment opportunities through optimum use of physical resources; setting up of agro-based industries and village and small industries; intensification of agriculture; animal husbandry etc., is being implemented vigorously in selected districts.

We have a vast potential for development in agriculture and allied activities. With the emphasis now being given to agricultural sector, a push will be given to agricultural production and the rural economy will soon become self-reliant and stable. A systematic and sustained effort with people's participation has been initiated and this holds the promise for a prosperous future for the rural society in general and the hitherto down-trodden in particular.



ROLE OF NCDC IN INTEGRATED RURAL DEVELOPMENT

V. B. L. Mathur

IN the ensuing Plan, the main emphasis is expected to be on achievement of maximum employment, eradication of poverty and destitution particularly in rural India. This is proposed to be achieved through decentralisation of economic development and drawing up of a comprehensive programme for integrated rural development and agro-industrialisation. The emphasis would shift to the provision of productive employment opportunities to the vulnerable sections of the people and supply of essential articles of mass consumption at fair prices right down to the village level.

It is in the context of the above objectives that plans and programmes for cooperative development are to be formulated in order to enable the cooperatives to play a truly significant role.

Cooperation was conceived as an instrument for fostering local initiative for ameliorating the economic condition of a society largely living in the villages. Unfortunately, the planned development over the past several years has led to a centralised, urban oriented and capital intensive economy. It did not provide adequate employment opportuni-

ties, particularly in rural areas. Rather it accentuated poverty among the small and marginal farmers and landless agricultural labourers. The necessity, therefore, arises now to reformulate economic policies and programmes for promotion of decentralisation, labour intensive and rural oriented economic development.

Democratic Character

In view of the shift of accent of development from industry to agriculture, the cooperative movement has to provide new directions. A new responsibility now devolves on the cooperative sector. The inherent nature of the cooperative structure is decentralised in character because it is rooted in the village cooperatives. The cooperative structure is built up from such societies upwards which federate into block or district level and ultimately to state level and national level. Cooperation and decentralisation thus go together.

The democratic character of cooperative movement depends upon active participation of its members in an enlightened manner. But, in fact,

the membership of the cooperative institutions is by and large neither enlightened nor very active. This aspect has been considered for adoption in the National Cooperative Policy Resolution which would be placed before the country shortly.

National Cooperative Policy Resolution

Besides the objectives envisaged for the co-operative movement as mentioned above, efforts would be made to build the cooperative movement as an autonomous self-reliant movement which is free from outside interference. This self-reliance could work only to a certain point because the cooperatives will have to depend on the availability of funds for their production, marketing, processing and other activities largely from outside refinancing institutions.

In order to play an effective role in overall integrated rural development, the cooperative system would have to be built up in a manner so as to progressively strengthen the links between rural credit, supply of agricultural inputs, agricultural production including ancillary activities like dairy, poultry, fisheries, agricultural marketing and processing, village and cottage industries and distribution of essential consumer articles.

The consumer cooperative movement will have to bolster up the public distribution system and act as a bullwark of consumer protection. Consumer cooperatives would need to diversify their activities by entering the field of production of articles of mass consumption and thereby act as an instrument for price stabilisation.

The need to provide an organic link between the growers and the consumers is desirable. It will have to be progressively achieved by establishing a net-work of cooperative agro-processing and industrial units. At the same time, the cooperatives will have to function as efficient business institutions and will have to be manned by professional managers. Professional management would be developed through a sustained programme of recruitment of suitable personnel and their systematic training.

One of the major handicaps in the progress of

the cooperative movement has been the lack of coordination of activities between different co-operative sectors. Though, this has been emphasised over the years yet not much headway has been made. In the agricultural field, the farmer requires inputs for production and has to be ensured a reasonable return for his produce. At times, processing facilities have to be provided to the farmer if he does not have to make distress sales. Proper returns to the farmer can be ensured when a link between the credit and inputs, supplies and marketing and processing has been established. Similarly, linking up sale of the produce, processed or unprocessed, with the consumer cooperatives would ensure availability of essential supplies to the rural and urban population. The lead has to be taken by the national and state level federations in coordinating these activities.

Cooperative Credit

Since the beginning of the cooperative movement, credit for the farmer was conceived as the main activity. Though this movement has proliferated in diverse fields progressively, credit continues to be the main plank of the infrastructure. Undoubtedly, the economic betterment of the rural people is linked with the financial and material inputs received by them.

The cooperatives are involved in nearly Rs. 6,000 crores worth of business annually in one way or the other in the Indian economy. Adequate credit has to be made available not only to meet the requirement of agricultural production but also for activities falling within the broader frame work of rural development including dairying, livestock rearing, poultry farming, sericulture, pisciculture, horticulture, forestry, rural industries etc.

According to the National Commission on Agriculture, short term credit to the tune of Rs. 4,000 crores and medium term and long term credit to the extent of Rs. 5,400 crores would be required for agriculture and allied activities by 1985. Out of this, the cooperatives are expected to disburse Rs. 2,350 crores as short term loan and Rs. 1,900 crores for medium and long term loans. This target can be achieved only if the net supply of credit within the next three years is doubled,

through a growth rate of 30 per cent per year. During 1975-76, only 15 million members of the primary societies within the total membership of 40 million secured loans. The percentage of advances to the weaker sections was even more inadequate. The cooperative credit institutions have to aim at the allocation of 50 per cent credit to the smaller and marginal farmers if they have to make a breakthrough in the rural economy.

To cope with the expanding progress of credit disbursement, each primary cooperative credit society would have to be developed into a multi-purpose society, which would serve as a focal point for the farmers and deal in agriculture credit, inputs, marketing of the members' agricultural produce as well as run a store, selling essential consumer goods. Each primary agriculture credit society must be viable, manned by a trained Secretary/Manager and have godown facilities. It is expected that as a result of reorganisation, the number of primary agricultural credit societies would be reduced from over 2 lakhs to less than 1 lakh. There would be strong viable organisations looking to the entire needs of their members.

To further streamline the credit structure, the District Central Cooperative Banks have to undertake credit planning, project preparation and supervision. The Reserve Bank of India have agreed to extend medium term loans for a period of 7 years as against the existing limit of 5 years. Besides, bad debts have to be written off in view of recurring natural calamities and the liabilities of weaker sections. There is need for a comprehensive nationwide scheme which would provide, if not interest free loans, at least low interest loans to weaker sections of the society for purchase of shares in the cooperative credit societies.

The Role of NCDC

According to the Rural Credit Survey Committee Report, credit is only one aspect of rural economic activity. This activity is made up of the different stages through which the produce of the cultivator passes once he has harvested it. There are four important stages of processing, storage, transport and marketing. These constitute together a sector which for the purpose of benefitting

the cultivator economically and consequentially evoking his enthusiastic participation, is more fundamental than credit itself. It is through the organisation of these activities on a cooperative basis that the farmer is emphasised to take effective part in cooperative activity which better his lot in monetary terms.

The National Cooperative Development Corporation was initially conceived for performing the promotional and financing role in respect of marketing, processing, storage and supplies of agricultural produce. Its jurisdiction now extends to the supplies of agricultural inputs to the farmer, cooperative handloom industry and the consumer sector.

Promotional

The NCDC has played the pivotal role as an effective promoter, coordinator and financer for the development of cooperative programmes relating to marketing, processing, storage of agricultural produce and supplies of agricultural inputs. The Corporation associates itself with the policy making at national level and helps the State Government and Corporations in formulation of specific programmes. This is done through maintaining close liaison with the State Governments and other national organisations like the Jute Corporation of India, Cotton Corporation of India, Commodity Boards etc.

The promotional role of the NCDC in respect of the marketing structure extends to advising the State Governments, regarding measures to be taken for rationalisation of the marketing structure, expansion of membership and augmentation of share capital, linking of marketing with credit activities in the cooperative sector, selective development of marketing societies in areas where large surpluses of agricultural produce are being generated, schemes for reorganisation and revitalisation of primary marketing societies and development of an integrated system of cooperative marketing.

Marketing

The cooperatives have made a significant pro-

gress in the marketing of agricultural produce. The Fourth Plan target of Rs. 900 crores laid down for cooperative marketing of agricultural produce was exceeded when cooperatives handled agricultural produce worth over Rs. 1,100 crores in 1973-74. During the Fifth Plan a target of Rs. 1,900 crores was assigned to the cooperatives. Against this, in the first year of the Fifth Plan viz. 1974-75 cooperatives marketed agricultural produce worth Rs. 1,434 crores and it rose to Rs. 1,564 crores in 1975-76. During 1976-77 cooperatives are estimated to have handled agricultural produce worth Rs. 1,650 crores.

Out of 3,127 primary marketing societies organised at the end of June 1975, 1,965 are marketing agricultural produce, 2,097 were involved in distribution of production requisites and 1,988 undertook consumer goods distribution. Besides giving financial assistance to state and national level marketing federations, the NCDC has initiated financial management studies in respect of a number of cooperative marketing federations in the states to bring necessary improvements.

The Corporation intends adopting a new approach to cooperative marketing activity in the next Plan. To mention a few, the working of existing primary societies would be consolidated so that these provide the services, both in the marketing of agricultural produce as well as supply of agricultural requisites. Efforts to diversify the activities of the marketing societies from purchase of wheat and rice to sale and purchase of a wider range of commodities, will be made. It is contemplated that the farmer should obtain his entire requisites including consumer goods, from the village service society. Adequate linkage between the service and the marketing society would be established which would ensure continuity of supplies and provide outlet for the farmers produce. More effective coordination between the working of primary marketing societies with the state and national level federations, would be established.

Processing

NCDC helps in exploring the possibilities of setting up industries based on local agricultural

produce and in preparing feasibility reports. NCDC experts in various fields like the oilseed industry, textile and spinning, fruit and vegetable, refrigeration, paddy processing, dairy industry etc., lend their expertise for preparation of feasibility reports. The Corporation then provides financial assistance and technical guidance for the establishment of such potentially viable agro-industrial units.

For large sized units like cooperative sugar factories or cooperative spinning mills, the Corporation provides assistance to the State Governments to enable them to contribute to the share capital in the respective cooperatives. For medium and small sized units the Corporation provides loans to the extent of 65 to 80 per cent of the block cost.

Till the end of March 1977, out of 2,204 cooperative processing units organised, 1,741 have been installed. In tribal and difficult areas, the NCDC provides assistance to state Governments to the extent of 80 per cent of the block cost of the project. Out of this 60 per cent cost is given as loan and 20 per cent as subsidy.

Cooperative sector has been playing a significant role in the sugar industry. 181 cooperative societies have been licenced by the end of March 1976. The licenced sugar production capacity in the cooperative sector was 38.88 lakh tonnes by the end of June 1977 as against the total licensed capacity of 75.20 lakh tonnes. The installed capacity in the cooperative sector is 24.28 lakh tonnes representing over 47 per cent of the total installed capacity. NCDC has also been providing assistance to the National Federation of Cooperative Sugar Factories and its constituent members by helping them to maintain technical and promotional cells consisting of experts on sugar technology, engineering and finance.

Cotton ginning and pressing is essential complement to marketing of cotton. In order to encourage the cooperative sector, NCDC has been constantly providing guidance in installation of such pressing units and expanding the capacities of the existing ones. During 1975-76, the Corporation assisted 20 old as well as new cotton ginning and pressing units to the tune of Rs. 75.79 lakhs.

The share of cooperatives in the processing of oilseeds has been continuously increasing. There are 207 oil mills in the cooperative sector out of which 148 were installed till 1976.

Agricultural Inputs

An important function of the cooperative marketing structure in India has been the supply of agricultural inputs including fertilisers, seeds, pesticides/insecticides and agricultural implements to the farmers. NCDC is directing its efforts to streamlining the distribution arrangements in respect of the above mentioned agricultural inputs by the cooperatives so as to develop an integrated system of distribution. In the context of the free trade in fertilisers, the Corporation has been establishing closer links between the cooperatives on the one hand and the central pool and fertiliser manufacturers on the other. It has also been providing a common forum to the apex marketing federations in the country for identifying and discussing their common problems in respect of fertiliser and other inputs distribution by organising meetings and seminars all over the country.

During the cooperative year ended June 1976, the cooperatives distributed fertilisers worth Rs. 716 crores as against Rs. 617 crores in the preceeding year. This accounts for about 60 per cent of the total fertilisers distributed in the country. It is estimated that during the cooperative year ended June 1977, cooperatives would have distributed fertilisers worth about Rs. 800 crores. It is expected that cooperatives would have fertilisers worth about Rs. 1,100 crores by the end of 1978-79.

The cooperatives have to provide margin money varying from 10 to 20 per cent for securing bank finance for procuring, stocking and distribution of fertilisers and other inputs. With a view to meeting margin money requirements, the Corporation provides margin money to marketing co-operatives acting as wholesalers. Under this scheme, the Corporation sanctioned Rs. 12.36 crores during the Fourth Plan period. During the years 1974 to 1976, the Corporation sanctioned the amount of Rs. 468.24 lakhs. During the year 1976-77, the Corporation has sanctioned Rs. 434 lakhs.

The Corporation supports cooperatives in procuring supply of seeds, manure, agricultural implements, pesticides etc., for increasing agricultural production. The value of such requisites distributed by cooperatives was Rs. 102.39 crores in 1975-76 as against Rs. 94.28 crores in 1974-75. It is estimated that agricultural inputs (excluding fertilisers) worth Rs. 125 crores were distributed in 1976-77.

Besides, the Corporation has also schemes for establishment of cooperative agro-service-cum-custom-hiring centres to provide package services to the farmers. Equipment such as power tillers, power sprayers and dusters, diesel pump-sets, threshers and even tractor trailers are provided for custom hiring purpose.

Storage

One of the essential pre-requisites for successful marketing and processing of agricultural produce and also its distribution, is the storage facility available with the cooperatives. The Corporation is assisting cooperatives to construct a network of small warehouses both at the village as well as at the market and railhead levels.

It is estimated that by the end of the Fifth Plan period, assistance would have been provided for creating a storage capacity of nearly 68 lakh tonnes. There has been an imbalance of storage capacity in some under-developed States. To remove this imbalance, the Corporation has introduced special schemes to provide larger element of subsidies for construction of godowns. So far, only 25,106 rural godowns have been assisted when there are 1.3 lakh existing primary agricultural service societies in the country. A large programme for setting up of godowns-cum-consumer stores would have to be undertaken in the country during the next Plan. NCDC is negotiating with the World Bank for securing additional finance for this purpose.

Cooperatives for Weaker Sections

In consonance with the basic objective of planned development to improve the economic conditions of rural folk who depend for their

livelihood on agriculture and farm operations, the NCDC has introduced a number of schemes to benefit the weaker sections of the community. In view of the pressure of increasing population on land, the rural economy is now mainly characterised by subsistence agriculture and unemployment.

Cooperative programmes like agriculture credit and marketing are, no doubt, benefiting the farmers and weaker sections of the community, but there are a large number of other professions and activities which are predominantly carried out by the weaker sections. Some of these professions relate to fisheries, poultry, dairy, handloom, coir, sericulture etc., which go a long way in generating gainful employment and thereby supplement income of the weaker sections. Special programmes launched during the Fifth Five Year Plan to promote and develop these professions would be intensified.

Handloom sector embraces the poor section of the people, providing employment to nearly 1 crore people and thereby is the largest employer after agriculture. In order to develop this vital sector, NCDC assists the apex/regional level handloom weavers cooperative societies for strengthening their share capital base, creation of processing facilities and setting up of showrooms.

For fisheries sector, which again has a very large potential for employment, NCDC provides liberal assistance for expansion and diversification of the activities of fishermen cooperatives at all levels. Assistance is meant for share capital, purchase of transport vehicles and mechanised boats, establishing of processing units including freezing plants, fish curing yards, cold storages, mechanical drying units, service repair centres, petrol pumps etc. Member education programmes for fisheries has also been taken up. During the Fifth Plan about 70,000 fishermen will have been trained at the cost of Rs. 20 lakhs.

Poultry farming and dairy industry have been recognised as important economic pursuits in agricultural sector. For strengthening the existing cooperatives, NCDC provides assistance for setting up of poultry feed plants, manufacture of eggs trays, purchase of refrigerated/insulated vans and

other transport vehicles and for construction of godowns.

The Corporation is making a positive contribution towards 'White Revolution' in the country. So far, financial assistance of Rs. 6.3 crores has been provided for establishment of two product factories, 9 fluid milk plants and 17 chilling centres. These units would process 5.5 lakh litres of milk per day.

The tribals are economically the weakest section of the community and are exploited by the moneylender and the middleman. This happens in the absence of proper and effective institutional arrangements for provision of credit, marketing of agricultural and minor forest produce, distribution of consumer articles in the tribal areas. NCDC introduced schemes for financing tribal cooperatives in 1972-73 through augmentation of the share capital base of the Tribal Development Cooperative Corporations, Marketing and Processing Societies and LAMPS. Assistance is provided for purchase of transport vehicles, construction of godowns, setting up of processing units for agricultural, horticultural and minor forest produce, dairy units cold storages and for rehabilitation, expansion and modernisation of existing processing units.

Consumer Cooperatives in Public Distribution System

One of the dominant objectives of our economic policy is to ensure stable prices at a reasonable level for the essential articles of consumption including foodstuffs, clothing, fuel and common household goods. It is envisaged that cooperatives will have to play a pivotal role in price and distribution policies aimed at attaining this objective. Cooperatives can help in achieving the challenging task of stabilisation of prices of consumer goods by reduction in the distribution costs and adoption of healthy trading practices in rural areas.

Distribution of consumer articles is considered as an important function of the service cooperatives at the village level and marketing societies at the *mandi* level. By the end of the year 1975-76, 1,862 primary marketing societies out of a total of 3,272 such societies and 54,470 primary

service cooperatives out of a total of 1,50,000 were engaged in distribution of consumer articles in rural areas. Thus, 57 per cent of the primary marketing societies and 37 per cent of the primary service cooperatives were performing this function. The value of consumer articles distributed by these cooperatives was Rs. 490 crores for the year 1975-76.

The need for increasing cooperativization in the public distribution system has been widely accepted. The policy framework of the public distribution system comprehends a multi-dimensional approach for the rural consumer cooperatives. It would involve identification of essential commodities for different areas, formulation of commodity budgets, effective monitoring of retail prices of consumer goods, selection of vulnerable areas for introducing the schemes with accent for benefiting the poorer sections, streamlining of the distribution system with emphasis on its progressive cooperativization, earmarking of manufactured goods in organised sector for distribution through cooperatives; judicious market intervention of higher level cooperative organisations, closer link between cooperative marketing and consumer structure, closer association of voluntary agencies particularly women's and youth organisations, adequate administrative arrangements for smooth functioning of the system and effective enforcement of various legislative measures designed to protect the consumer. Many steps have to be taken to strengthen the public distribution system through cooperatives. Some of the steps contemplated are as follows.

The wholesale and retail margins in controlled commodities have to be ensured to the cooperatives, which normally tend to make the retail operations, uneconomic to the cooperatives. To maintain the price level cost competitive in hilly and in accessible areas, suitable transport subsidies have to be provided. Consumer cooperatives have to play a more effective role through intervention in open market operations for distribution of various wage-goods like pulses, edible oils etc. The objective would be to maintain supplies of such commodities, in respect of which prices generally tend to rise during the lean season due to seasonal shortages and the consequent rise in the price have

to be counter balanced by undertaking buffer stocking operations at various levels.

The business efficiency of consumer cooperatives has to be developed to enable them to compete effectively with the private trade. In sale and services, this could be achieved only by reduction in the over-heads, carrying costs and rationalisation of establishment expenditure. The 'business mentality' in the cooperatives would have to be developed through professionalisation of management and adoption of sound business practices.

The linking of producers, processing and marketing cooperatives with consumer cooperatives has to be undertaken. This eliminates the margin retained by wholesalers/stockists which can be passed on to the consumer.

The Government has to contemplate of a statutory obligation on the manufactures to supply certain essential articles directly to the cooperatives through their units in various parts of the country. The manufacturers may thus distribute, to start with, 20 per cent of the total production at prices fixed for the first point of distribution.

NCDC has introduced a scheme for assistance for the purpose of augmenting rural consumer business through selected primary marketing societies and village service cooperatives. Under this scheme, margin money assistance upto Rs. 50,000 is provided to the societies to raise adequate bank finance which will vary from project to project depending upon sales programme and potentiality of growth. The Corporation may assist in the shape of loan-cum-subsidy for purchase of a transport vehicle costing upto Rs. 60,000. In case of the secondary society which proposes to set up a retail outlet at the *mandi* level, a loan-cum-subsidy to the tune of Rs. 12,000 can be given for furniture and fittings. In case of a primary service society, loan-cum-subsidy for the same purpose up to Rs. 5,000 can be provided. During 1976-77, the Corporation has sanctioned an amount of Rs. 260 lakhs to 14 states. During the next Plan, NCDC would strive to ensure that in each of the reorganised large sized village cooperatives the basic consumer goods for the farmers are available besides the agricultural inputs for products of his crops.

RURAL DEVELOPMENT AND COOPERATIVES PAVILION IN AGRI-EXPO '77

N. N. Trehan

THE focus of Agri-Expo '77 was on agricultural development strategy for creating a vast employment potential in the rural sector and self-confidence among the under-privileged sections of the society. In these terms, Shri S. S. Barnala, Union Minister for Agriculture and Irrigation defined the main objective of the Indian Agricultural Exposition which was inaugurated by the Prime Minister on November 13, 1977 at Pragati Maidan, New Delhi.

The Department of Rural Development, Ministry of Civil Supplies & Cooperation, National Cooperative Development Corporation, Indian Farmers Fertiliser Cooperative Limited, National Agricultural Cooperative Marketing Federation of India and National Cooperative Consumers' Federation jointly set up a pavilion in the fair.

The main theme of the Rural Development & Cooperatives pavilion vividly brought out the need for integrated rural development and the significant role which the cooperative sector has to play in its achievement. 'The Supreme Consideration is Man' was the key note of the pavilion and the

key visual was the face of a marginal farmer, who is the symbol of the millions of small and marginal farmers for whose benefit the main effort of rural development is planned and organised.

The display opened with a quotation from Bapu :

"We are the inheritors of a rural civilization, destined for a rural civilization. To serve our villages is to establish Swaraj".

Identification of the farmers needs, husbanding nature's resources in relation to human needs, peoples participation in planning and decision making processes, the role of Panchayats and co-operatives, the role of the apex cooperative organisations, the need for special programmes for less developed areas and weaker sections of the society and the main issues which arise in the implementation of integrated rural development programme, were the main subjects dealt in the display.

The pavilion's message was : man's potential to produce food is inextricably linked with his

experience of social justice and expanding freedom. Self-help supported by institutions and agencies was seen as the partnership most required to build an environment conducive to the growth and dignity of man.

The Panchayat is the grass-root institution of democratic self-management. The pavilion highlighted the way in which the Panchayat works and carries out its various activities. The viewer had a glimpse of a panchayat meeting through a film reviewing the problems.

The display depicted the role of cooperatives as an effective means for socio-economic development and for breaking old patterns of exploitation and also the role of major cooperative organisations viz. IFFCO, NAFED, NCCF and NCDC in promoting various activities in the cooperative sector.

The presentation comprised of photographic enlargements, constant projection of 15 short duration films on super 8 mm. projectors and translites with sound recordings.

A unique feature of thematic treatment was



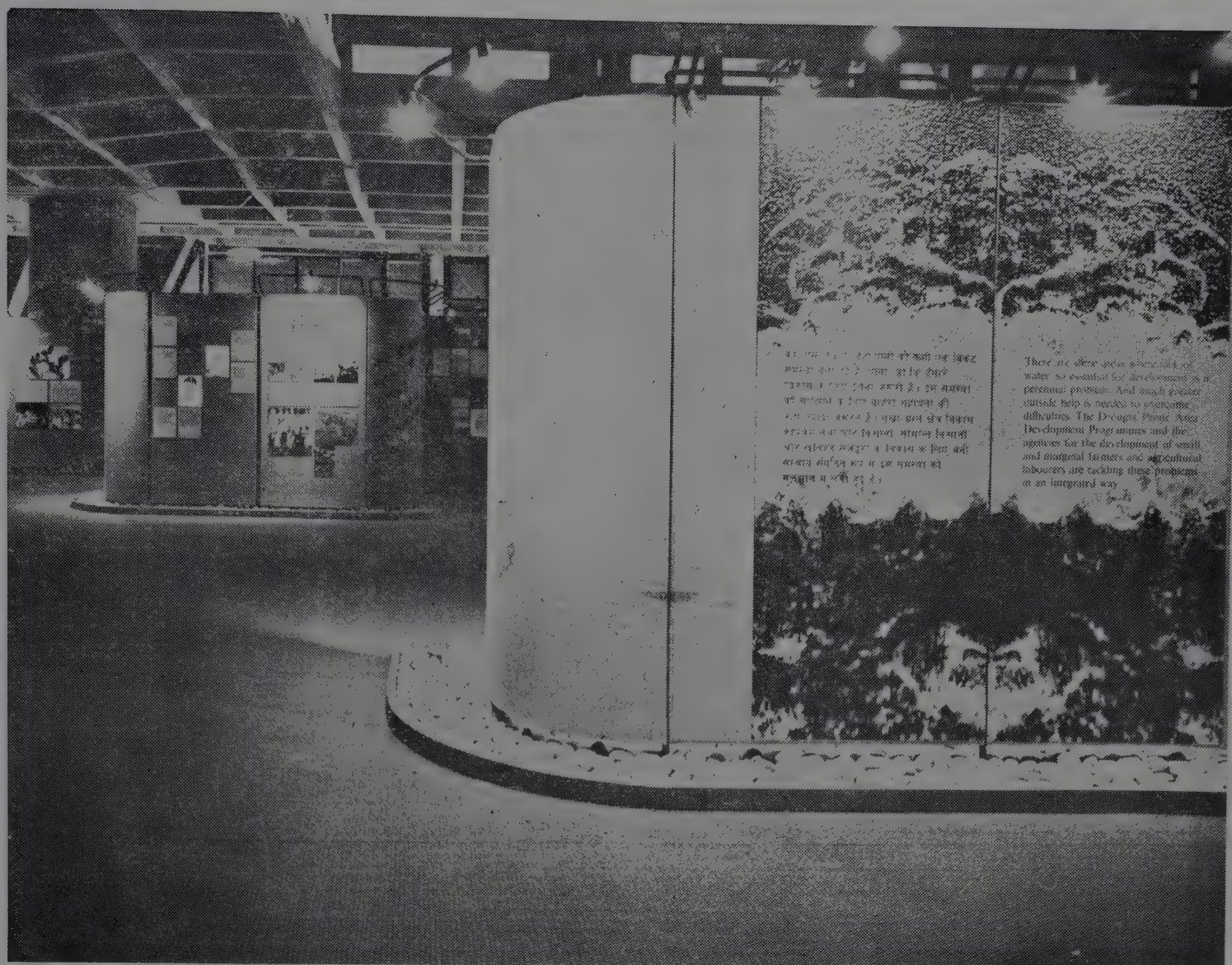
A group of farmers evincing keen interest in the display

its bold approach. Effort was made to bring out not only the benefits that have accrued to the rural people through the Panchayati Raj and the cooperative movement, but also the various spheres in which these movements have not come up to peoples expectations. A special feature of the display was a section with a title 'Now the farmer speaks'. How does the farmer view his life and the services which have been set up to serve him? Are they reaching him? What are his fears, hopes and expectations? Through a series of candid interviews presented as a forum of farmers from all parts of the country, some pertinent issues were raised. The farmers spoke of their successes and failures with cooperatives, panchayats and credit schemes in their villages. They spoke of land and water problems and of their hopes for their children. They spoke about the problems of making both ends meet. This provided a unique experience for visiting farmers who heard their own brethren raising the issues.

It was not sufficient merely to raise the issues. What could be the answers to these questions? What can we, as a nation do, to help ourselves to



A lady demonstrator explaining the exhibits to a group of villagers



A view of the interior display

raise the majority of our citizens, villagers to a decent quality of life and agriculture to its true importance? Several experts and policy makers joined in the discussion and through a series of film loops on similar projectors gave their views on what is right and what is wrong with Indian agriculture and what can, and is being done to strengthen it.

The voices of farmers and of experts—economists, scientists, planners and writers—provided the viewer food for thought and created greater awareness of the issues and the peoples role as partners with Government.

The pavilion was a subject for discussions both by the Press and the public. There were both—bouquets and brickbats. 'Excellent' was the remark recorded by Shri Mohan Dharia, Minister of Commerce, Civil Supplies & Coopera-

tion, after he had taken a round of the pavilion. Shri Madhu Dandawate, Union Minister for Railways recorded 'to have in a posh urban area like New Delhi a glimpse of real Rural India is a great joy. Will urban India understand and appreciate rural India!'. Shri Surjit Singh Barnala, Union Minister for Agriculture and Irrigation; Shri H.M. Patel, Union Finance Minister; Shri D. T. Lakadawala, Deputy Chairman, Planning Commission, a large number of Union and State Government Ministers, ambassadors from various countries and many public personalities visited the pavilion.

The press favourably reviewed the pavilion. Thousands of farmers conducted in groups were given special treatment in the pavilion through detailed explanation of exhibits by trained demonstrators and officials.

COST AUDIT IN COOPERATIVES

Dr. G. S. Kamat

IN the post-Independence period especially, private and public sector enterprises and a number of large-scale cooperative enterprises have come to be set up. It is true that their organisation has been made possible because of sizeable investment of the State finances in their capital structure alongwith the funds of the small individual members. The State support is a logical consequence of the acceptance of the policy of giving preferential treatment to cooperatives in the process of economic development on decentralised and egalitarian basis, as far as possible. This fact makes it all the more necessary for the cooperative industries and service organisations to accept the need for cost audit to assess their performance from time to time. Cooperative sugar mills, spinning mills, fertiliser units, consumer organisations and banks are also expected to function in a competitive set up within the mixed economy of the country.

Against this background, the importance of organising and conducting production and business activities of cooperatives on most efficient lines cannot be over-emphasised. Amongst the various

tools of management that are available to maintain and improve efficiency of the cooperatives, cost audit is considered as an indispensable device.

What is Cost Audit ?

Cost audit is an audit of cost accounts. It has two dimensions (a) systematic inquiry into the cost-accounting procedures and (b) determining conformity of the costing policy and cost accounting procedures. Cost audit implies verification of cost accounts and check on adherence to the cost accounting plan. It is, thus, a kind of audit which aims at systematic investigation and appraisal of procedures and operations for the purpose of determining conformity with the prescribed criteria.

Cost audit in this sense, helps promotion of the development process in an organisation. It is distinct from conventional financial audit, which is post-facto examination of financial accounting process and covers revenues, expenses, assets and liabilities. Cost accounting process covers classification, recording, allocation, summarisation and

reporting of current and prospective costs. The primary functions of cost audit is to find out the economic worth of the production process for a specified costing period. It also covers economic worth of other management areas. The information made available by the cost audit report is extremely valuable for decision making by the organisation on several important matters.

Financial audit is, of course, important in as much as it preceeds and provides the necessary base for cost audit. Financial audit has been made compulsory by statute for all organised enterprises. It vouchsafes the truth and fairness of the financial accounting process in an organisation in respect of the past period. It ensures arithmetical accuracy and conformity of the process to the generally accepted accounting principles. Cost audit, however, has not been made universally compulsory. The Indian Companies Act has now made it almost compulsory for private companies by making suitable amendments to the law, for units covered by them. In India, emphasis on and encouragement to cost audit came to be given by the Estimates Committee of the Government of India. The Vivian Bose Commission and the Daftary-Shastri Committee indicated the inadequacy of the provisions in the company law to disclose accounting information for purposes of communication to the shareholders as to how their money is being managed. Financial accounting and audit is insufficient to present the fact in true perspective. It has to be supported by provision which would require the corporate organisations to practise financial controls and provide reliable and authentic cost and financial data. The Company Law Board, as stated earlier, has now made cost audit compulsory by adding section 233 B in order to introduce financial discipline in the corporate organisations. It is expected to secure more effective audit that will help to prevent cases of dishonesty and fraud in the organisations also apart from other positive benefits that will follow.

Need for provision in Cooperative Law

It is time suitable amendments are made also in the cooperative law, incorporating similar pro-

visions. Sizeable amount of public funds are invested today in large individual cooperative enterprises. There is urgent need to achieve financial and qualitative efficiency and to provide for accountability to the members, the government and the society at large. A broad review of the performance of the large cooperative organisations listed earlier has made it imperative that they accept cost audit as an integral part of their management process and practice.

The cost audit has three main aspects (a) items that are subject to analysis and control; (b) formats prescribed as the part of the cost accounting procedure; and (c) the cost audit report.

Cost areas-production

At first items of cost incurred in production process need to be known. The cost of raw materials, labour, overheads and output are the main elements of production process. For raw materials, the costs are known from the records maintained for various items indicating receipt, issue and balance in both physical and monetary term. A convenient breakup of cost into material cost and other incidental charges (freight, insurance, etc.) is necessary. The information can be available provided proper records are maintained. Cost of movement and maintenance of stocks will be available from the stores ledger. Further, the normal and abnormal wastages have to be properly accounted for as they form a part of the regular production process. The abnormal wastages should be rather charged to costing profit and loss account to avoid unnecessary inflation of the unit cost. As stated earlier, proper and up-to-date maintenance of records and adoption of consistent techniques, in relation to consumption of stores on revenue and capital account, are essential requirements of cost accounting system.

Then there are records to be maintained about the cost of pay-roll wages, overtime component of the wage-bill. The justification for overtime paid to the employees must be duly revealed in the books. This information can provide an idea about the cost of human effort that has gone into the production activity as also about the gap that

may be existing between the expected efficiency and actual efficiency, including its financial implications for the organisation.

There are overheads incurred for production, marketing, and general management, such as depreciation, indirect materials, indirect labour etc. Then there are certain services that are either actually produced by the service departments of the organisation or bought from outside. The cost of both need to be intelligently analysed as they influence 'the make or buy' decision of the organisation.

Marketing and Management

The overheads incurred for marketing and administration are subjected to similar analysis and control with the help of the records that are maintained. The need to isolate expenditure on revenue account from the one on capital account has to be recognised here also. Cost audit requires correct and complete accounting of financial and physical values of production and other operations and their integration inter. As required by the rules under the company law, rules under the cooperative law also should be amended to compel a cooperative organisation to keep proper books of accounts in respect of each of its accounting years relating to utilisation of material, labour and other items of costs. The books should make it possible to calculate the cost of production during the financial year from the particulars entered in them. This means in other words, cost records must be maintained, cost information should be available and there should be scope for evaluation of cost accounting as an integral part of the larger process of financial control in particular and management control in general.

Statements and the Report

Various statements pertaining to the relevant costs and other information must state data both in physical and financial terms for the current and previous year. This would be followed by a cost audit report enclosing the relevant annexures. Some guidance is available on this from the rules (cost audit report rules) prescribed under the company law. Some guidance is available now for

cooperative sugar industry also. Such a report is an important document and provides among other things information about general background of the organisation, location, size, ownership pattern, period of existence etc. It also describes cost accounting system and highlights various aspects of physical and financial performance. Profitability and liquidity ratios and production ratios are calculated and presented. They are useful measures for evaluating performance for any costing period. The production process is also described from the efficiency angle. Costs are compared to the available norms and productivity of operations is measured by result-resource-ratios. The cost auditor critically assesses the appropriateness of the costing methods in the light of accepted accounting principles and gives his observations on the financial management of the units. He also brings out limitations, if any, of the internal audit and control system. He is expected to make positive suggestions for improvement in the vital ratios and for proper management of the product line, capacity utilisation, resource mobilisation and management of costs in general.

Features and objectives

The characteristic features of cost audit emanate from the generally accepted impositions and obligations under the established law and adopted objectives. Wherever there is inadequate provision in the cooperative law, it will have to be removed to make it fall in line with the jurisdiction of cost audit. There is also need for evaluation of cost audit—whether it has been able to bring to the surface such facts as fraud and related malpractices. However, it should not be viewed as a means of policing the management, but should be used as a tool to improve the social and economic aspects of management. A casual approach to cost audit as an inevitable extension of financial audit is not desirable. It is an extremely useful exercise to give valuable information in a realistic manner to the members of the organisation. The cost audit report would be found very useful by other interested agencies also such as the government, financing agencies etc.

The whole exercise of cost audit is intended

to establish better understanding of the activities in the organisation in relation to its objectives. It assists in maintaining cost consciousness and profit motivation within the organisation. Cost audit throws up in its process valuable data from time to time which can exhibit trends in respect of important management area, when they are viewed in a total context for a certain period. Cost audit requires building up of an accounting system and the necessary records with the help of which management can fix direction and monitor the performance of different elements within the organisation. Inculcation of a sense of a cost consciousness is one of the greatest contribution of cost audit. Propriety of costs incurred and their review in relation to efficiency can throw considerable light on the efficacy of the management. It can throw suggestion for securing best possible product-mix and marketing-mix for an organisation because cost reduction areas can be identified relatively more easily in relation to which appropriate steps can be taken promptly. For example, cost information can aid pricing decisions, product decisions, promotion decisions as well as distribution deci-

sions. These are all vital areas of managerial decisions-making that have an impact on investment and utilisation of scarce resources.

Briefly stated cost audit is a powerful control device that can be used for improving the efficiency of the enterprise and its utility to the members of the organisation, workers, consumers, and the community at large. Such a professional approach can help to eliminate unproductive expenditure. The cooperative enterprises which have been substantially financed by public resources have a special responsibility in maintaining the health of their organisations in order to subserve the interest of not only their members but other concerned segments in the society that are likely to be affected by their business operations. Acceptance of cost audit will improve their performance in such areas as maintenance of necessary books of accounts in line with the accepted principles of financial accounting, and up-to-date building up of a scientific costs accounting system. These are prerequisites of cost audit.



FROM HERE AND THERE

Assistance to Cooperative Sugar Factories

NCDC sanctioned a loan assistance of Rs. 32.50 lakhs to the Government of Madhya Pradesh from participation in the share capital of Malwa Sahakari Sakhar Karkhana Ltd., Barlai, District Indore.

Modernisation of Rice Mills

The Corporation sanctioned a loan assistance of Rs. 53,100 and a subsidy of Rs. 8,500 to the State Government of Madhya Pradesh for assisting in modernisation of the rice-mills set up by Jagdalpur CMS Ltd., District Bastar located in the tribal area and one rice-mill of CPMS Balaghat at District Balaghat.

Textile Cooperatives

NCDC has sanctioned a loan assistance of Rs. 10.50 lakhs to the State Government of Orissa for setting up of a Hank Yarn Dyeing Unit by the Orissa Weavers' Cooperative Spinning Mills Ltd., in the mills campus.

The Corporation sanctioned Rs. 4.50 lakhs as loan to the Government of Andhra Pradesh for assisting the Andhra Pradesh State Handloom Weavers Cooperative Society Ltd., for construction of central godown shopping complex at Vijayawada.

Bakery Cooperatives

NCDC sanctioned a loan assistance of Rs. 1.456 lakhs to the State Government of Maharashtra for setting up a bakery unit by the Aurangabad Central Cooperative Consumers' Society Ltd.

Fruit and Vegetable Cooperatives

The Corporation has sanctioned an assistance of Rs. 7.56 lakhs as loan and Rs. 2.52 lakhs as subsidy to the State Government of Manipur for establishment of a fruit and vegetable processing unit by the Manipur Fruit Processing Cold Storage Cooperative Society Limited, Imphal.

NCDC has sanctioned a loan assistance of Rs. 1.80 lakhs and a subsidy of Rs. 0.60 lakhs to the State Government of Himachal Pradesh for the establishment of a Fruit and Vegetable unit by Dehra Cooperative Marketing-cum-Processing Society Limited at Dehra.

Fisheries Cooperatives

NCDC sanctioned margin money assistance of Rs. 44,825 to the State Government of Andhra Pradesh for providing share capital to 10 Fishermen Cooperative Societies in Adilabad District of Andhra Pradesh to enable these societies to raise adequate working capital.

Assistance for Construction of Godowns

The Corporation has approved of financial assistance to the State Government of Uttar Pradesh for assisting construction of rural godowns of 100 tonnes capacity by each of the 69 reorganised primary level multi-purpose cooperative societies in the hill district of Uttar Pradesh at an estimated cost of Rs. 24.15 lakhs.

Cold Storage

The Corporation has sanctioned a loan assistance of Rs. 10.444 lakhs to the State Government of Madhya Pradesh for the establishment of a 2000 tonnes cold storage by Shri Ganesh Alu Utpadak Sahakari Samiti Limited at Kodariya.

OUR CONTRIBUTORS

Shri Surjit Singh Barnala, Union Minister for Agriculture and Irrigation, Government of India

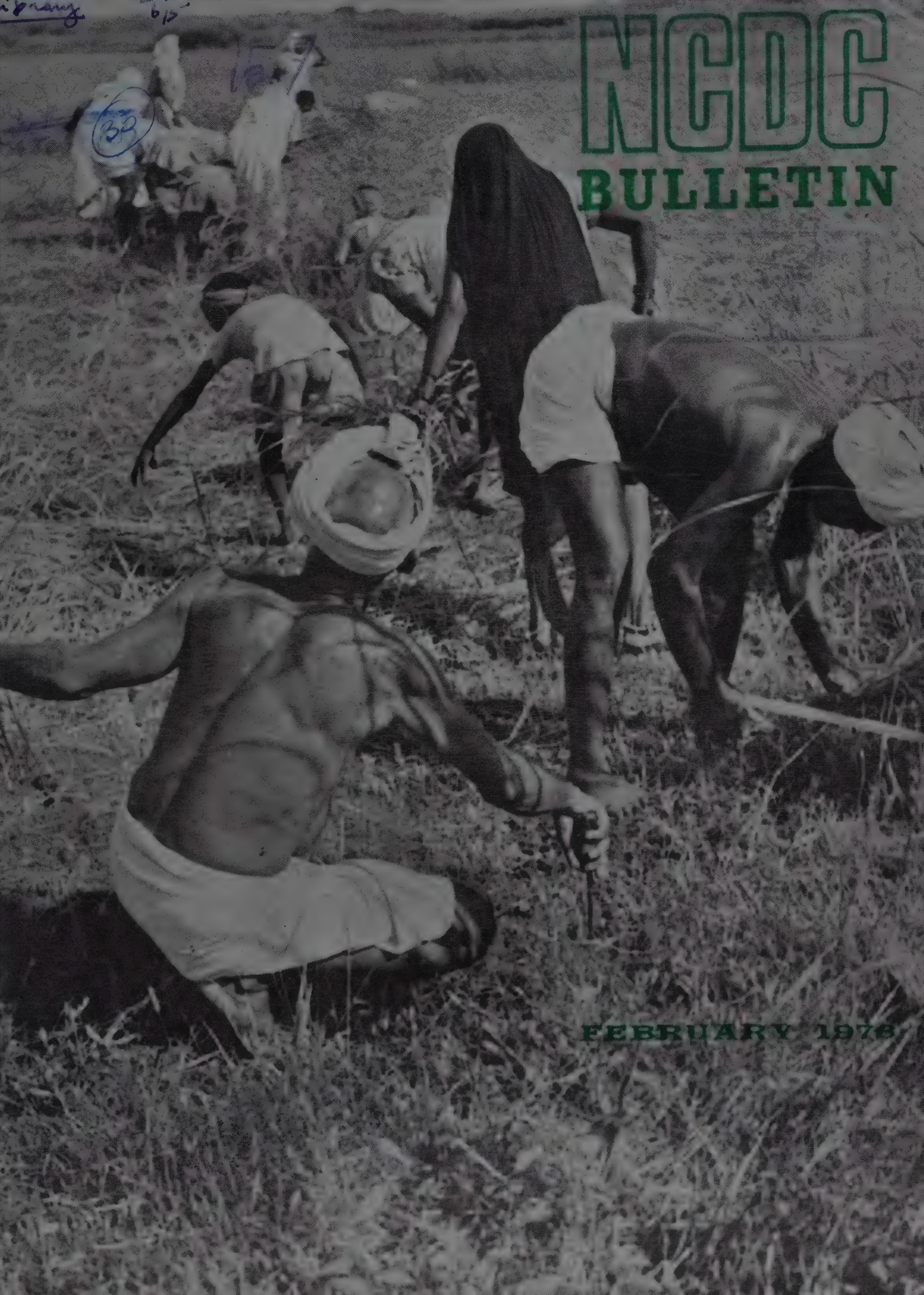
● Shri V. B. L. Mathur, Managing Director, National Cooperative Development Corporation, New Delhi ● Shri N. N. Trehan, Deputy Director (Publicity), National Cooperative Development Corporation, New Delhi ● Dr. G. S. Kamat, Professor, Vaikunth Mehta, National Institute of Cooperative Management, Poona.



*Display inside the Rural Development and Cooperatives
Pavilion in Agri. Expo.*

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Rice being loaded in trucks from the Assam Cooperative Apex Marketing Society's godown

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EDITOR : **I. S. Bedi**

*Views expressed in articles published are
of the authors and not necessarily of the
Corporation.*

COOP. MARKETING AND PROCESSING FOR THE POOR

Dr. G. S. Kamat

TILL the beginning of the Second Five Year Plan, the cooperative movement in this country had all along been dominated by cooperatives dispensing credit to the relatively weaker sections from the agricultural sector. Only after the publication of the Rural Credit Survey Committee Report in 1954 and the acceptance of the major recommendations of that committee by the Planning Commission and the Government that we find some policy statements, decisions and programmes being laid down for the diversification of the cooperative movement in this country. The lopsided nature of cooperative movement, restricting its operations merely to dispensation of credit to the weaker sections in the agricultural sector, has not only not helped the agricultural development but also not helped improvement of the weaker sections in the rural areas. It was recognised later that the production and credit problems of the under-developed sections of the society engaged in agricultural sector have to be tackled on cooperative lines with a bias in favour of markets and marketing. Assured price on the market and an increased share in the consumer price for the small producer essentially through cooperatives could alone, it was realised, ensure development of both the agriculture and the relatively weak producer.

The Integrated System

The crop-loan system was originally intended for the weaker sections, particularly for those tenants who had no tangible security to offer for getting initial finance for raising agricultural produce and for that matter even improving productivity by taking to modern cultural practices. This system has linking of credit with supplies and marketing as a sort of built-in arrangement so necessary for its effectiveness for obvious reasons. However, this system could show tangible results

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19 MAY 1976

only in areas of one or two cash crops like sugarcane where major costs allied to production, processing and marketing activity were broadly controlled and some guarantees also given. Those weaker sections have been enabled to reap the advantages of this well conceived and implemented system and, by and large, the sugarcane growers in the cooperative sugar factory areas are now being described as the relatively "affluent sections" of the farmers.

Half-Hearted Implementation

For the growers of other cash crops, however, particularly, from the dry-farming areas (like cotton, groundnut, etc.,) and the food crops, the crop-loan system has not been able to deliver the goods as expected. The small farmers have continued to remain small. This has been mainly because of the fact that the marketing, processing, supply and storage aspects were not given due consideration, as required under the planned programmes. The processing activities and the procurement operations which formed part of the public food policy were also not fully implemented. It is time we sincerely implement the integrated cooperative development policies for agriculture as recommended by the Expert Committee as far back as in 1954. That alone will make available, through institutionalised structure, the benefits of agriculture in a decentralised manner and particularly through the agency of cooperatives which are of the agriculturists and for the agriculturists. Cooperative action is essentially meant for the relatively small agriculturists at the grass-root level.

Aberrations

In the sphere of agricultural marketing, structurally, it would be recalled, the primary marketing societies were originally to consist of only Village Service Societies, but for want of adequate share capital base, the membership of these societies was thrown open to individuals. As a result, the powerful money-lenders-cum-traders-cum-cultivators managed to get admission into the primary marketing societies and right upto the top level have secured control, over the years, keeping the most needy sections of the farming community away from the benefits of cooperative marketing, processing, etc.

The benefits in regard to fertilizers, seeds, pesticides, godown assistance, processing assistance etc., logically have consequently gone to these vested interests. The cooperative marketing structure even at the end of the Fourth Five Year Plan has not been able to extend its services to the weaker sections for whom this structure, the policies and the programmes were originally intended.

Different Layers of Weaker Sections

It is admitted that there are different layers of weaker sections in the total agricultural community affected by the aberration that have developed at the implementation level, over these years, in the cooperative marketing movement. These are noticed in both, irrigated and dry farming areas. There are weaker sections growing only food crops. There are others growing non-food crops with small marketable surplus. The problems of weaker sections from dry farming areas are again typical. Commodity-wise, their marketing, processing, storage and supply problems would vary. However, on the basis of viability and feasibility norms, decisions may have to be taken as to whether there should be (1) commodity marketing societies or (2) general marketing societies. Again, keeping in view the need for viability, appropriate area of operation would have to be laid down for different marketing societies which may not conform to a standardised approach as to the territory or region. All the same, there will be need for special assistance of financial and administrative nature by the State to these marketing organisations operating at the primary level if they are to extend benefits directly to the weaker sections of the area. As is well known, smaller the organisation at the primary level bigger are the unit costs if such a marketing society is to offer a complete package of services to the member—weaker sections, covering, assembling, transporting, handling, storing, grading, processing, financing, supply of inputs, distribution of consumer goods, etc. at concessional rates and on convenient terms. Their federation would have to secure economics of scale for them by organising marketing, processing, supply, storage and transport operations efficiently. The role of a large-sized federation in establishing link between the cooperatives of small farmers and the modern markets needs to be understood and emphasised adequately.

The procurement policies and operations as formulated and conducted on government account, have, as their main focus, building up buffer-stocks which are to be used for supplying the foodgrains, in particular, to the needy sections of the community at relatively stable prices. Appropriately enough, the cooperatives have come to be associated with the procurement of operations because of their socially acceptable role. While there are many shortcomings and inadequacies noticed in this area of foodgrains management—both in the public sector and in the cooperative sector—one can safely conclude on the basis of past experience that cooperative marketing societies, entrusted with the task of procurement have, by and large, discharged their responsibilities adequately and satisfactorily.

Distress Sales

The main problem, however, relates to other crops which have not been covered under the public procurement operations. Even in areas where foodgrains are covered for procurement, the small and marginal farmers have been left out from the purview of procurement requirements for obvious reasons. However, that has not solved their problem. As is well known, the small farmers have to sell a part of their foodgrains immediately to meet their daily necessities. These farmers buy foodgrains from the market later in the off-season at higher costs. Thus, there is exploitation at both the ends—lower sales price immediately after the harvesting season and higher purchase price later in the off-season period. The cooperative marketing societies can play an active role by providing storage facilities, interim finance, other consumers' goods relatively cheaper and can also make available the foodgrains in the later part of the year when required by such farmers at a lower price (on the lines of Grain Golas or Grain Banks). If all these operations are supported by the supply of necessary agricultural inputs at the beginning of the agricultural season, the package of services offered by the marketing societies to the weaker sections would be complete and would more effectively confer benefits in real terms on these sections. The primary marketing societies, therefore, would have to be strengthened, as stated earlier, from all the sides organisationally, administratively, poten-

tially, etc. to enable them to cover completely these weaker sections.

In areas where the marketing cooperative structure is weak, the public sector organisations would play a supplementary and complementary role. Many have come to be set up by now in different states. The managements of the public sector organisations, however, will have to be forward looking and sympathetic to the needs of the weaker sections and the cooperative marketing organisations working for them. Unfortunately, there appears a lot of confusion about their role vis-a-vis cooperatives.

Recoveries in Kind

Perhaps, there may be need to organise crop-loan operations as also the recoveries thereunder more in kind to suit requirements of the poorer sections of farming community. The suggestion regarding the recovery of land revenue in kind has already been under discussion and the same could be experimented with reference to recovery of loans and interest dues from the agricultural weaker sections. This particularly would work well with foodgrains and other essential agricultural commodities required by the small and marginal farmers from time to time in an unprocessed form for direct consumption. In this connection the experience of grain-golas and the grain banks in particular, would be worth reviewing. These may have to be revived in the reorganised form wherever necessary.

The discussion above would indicate the need for organising cooperative marketing, processing and supply operations comprehensively and intensively at the rural level for the vulnerable sections of the agricultural community. The existing conditions also indicate immense potential and rewarding experiences and experiments. What is required is the will to organise these for the weaker sections with a sense of commitment and awareness of the special responsibility on the part of those concerned with development of such sections. This has to be taken as a challenge, as also an opportunity, by the cooperatives which are essentially meant for the weaker sections. If the cooperatives fail to come up to expectations some other agencies are bound to replace them.

NCDC CONVENES ALL INDIA CONFERENCE ON COOPERATIVE FISHERIES AT COCHIN

THE National Cooperative Development Corporation convened a Conference, first of its kind, on Cooperative Fisheries at Ernakulam on the 19th & 20th of February, 1976. The response to the invitations to attend the Conference was very encouraging and about 70 delegates including the Directors of Fisheries of the States and the representatives of the Fisheries Cooperative Federations took part in the deliberations.

The Conference opened with a welcome address by Shri M. S. Gill, Managing Director, National Cooperative Development Corporation. After greeting the hon. Minister for Local Administration and Fisheries, Government of Kerala who presided over the Conference and thanking the delegates who had come to attend the Conference from far away places—Meghalaya in the far East to Gujarat in the West, Himachal Pradesh in the North to Kerala in the South, he thanked the Government of Kerala for the arrangements made at Ernakulam for holding the Conference. He specially thanked Shri M. S. K. Ramaswami, Development Commissioner Kerala, Shri Mukundan Unni, Director of Fisheries, Kerala, Shri Rao, Joint Director Fisheries, Shri Thomas, Joint Director, Fisheries, Shri George, Deputy Director of Fisheries, his colleagues and staff for the hard work they put in to make the conference a success.

Presidential Address

Shri K. Avukadorkutty Naha, Minister for Local Adm. & Fisheries, Government of Kerala in his presidential address expressed his happiness that the venue of the Conference was fixed in Cochin because Kerala with 500 kms. of sea-coast afforded vast potential and ample opportunities for the development of fishing industry. Although there were sufficient number of cooperative societies covering the entire sea-coast and the majority of

fishermen had been brought under the cooperative fold, the lot of the fishermen was no better than before, because a number of these societies were lying dormant or had become defunct. He said that the Government of Kerala had constituted a Committee for suggesting measures to revitalise them. Agricultural Refinance Corporation had also been undertaking financing projects for intensive integrated development of fisheries in selected areas through cooperative societies as a package programme. The working of the scheme was found to be encouraging because the production was linked with marketing and the fisherman was able to derive the full value for his catch. He suggested that the bargaining power of the producer should be developed by providing necessary marketing facilities, so that he may be able to get good price for his catch. Fish being a perishable commodity he laid special emphasis on processing and storage facilities.

Inaugural Address

The Conference was to have been inaugurated by Shri A. C. George, Union Minister of State for Industry & Civil Supplies. But, due to other pressing engagements, he could not come personally. His inaugural address was read by Shri S.S. Athwal, Director (Marketing), National Cooperative Development Corporation. Shri George said that he was happy that the representatives of the fisheries cooperatives and officers connected with the implementation of fisheries policies, programmes and progress in the State and Central Government were to deliberate measures for promoting and developing fishermen cooperatives. He said that the fishermen formed one of the most under-privileged and vulnerable section of the rural communities which are exploited the most. To ameliorate the living conditions of the weaker sections of the

community is one of the most important part of 20 Point Programme enunciated by the Prime Minister. He suggested that strong fishermen cooperatives were the only remedy to save them from the clutches of unscrupulous traders and it was the duty of everyone—social workers or leaders in the cooperative movement—to bring the maximum number of fishermen in the cooperative fold. He complimented the NCDC for its promotional, planning and financial role in agricultural, marketing, processing and distribution of agricultural requisites and consumer goods. He was happy that its sphere of activities had been extended to cover the fishery cooperatives. He suggested that every new society should be organised under a well-thought out plan, formulated on project basis for a specific area covering the hinterland or catch area of a market town. He appealed to the State Governments to take advantage of the financial help offered by the institutions like the NCDC, for liberal contribution to strengthen the share capital base of fishery cooperatives. He also emphasised the need for trained and experienced managerial staff for the efficient functioning of such cooperatives and elimination of middleman by meeting the financial needs of fishermen.

The Conference arrived at the following conclusions :

1. Since the needs of marine and inland fisheries vary widely, no uniform pattern of cooperative organisation would be suitable throughout the country. A flexible approach to suit varying needs would, therefore, be necessary.
2. The aim should be to have viable multi-purpose primary level societies which should provide credit, production, marketing and other services to the members. Existing societies organised separately for credit and other functions may be reorganised accordingly.
3. Central level Societies covering the hinterland of assembling markets should be organised/strengthened for undertaking marketing and supply functions. For the time being, individual fisherman may also be admitted as a member of these societies besides the primaries.

4. The existing State level federations may continue and be made effective. New Federations should be organised only when there is a need.
5. The organisation of a National level federation may for the time being, be deferred.
6. Effective steps should be taken to revitalise the existing societies, through the process of amalgamation, where necessary. They should be provided adequate financial support besides experienced managerial/technical personnel by the State Government.
7. The volume of business potential which can leave a surplus after meeting all administrative and other expenditure should be the criteria for viability of a society and not the geographical area or number of its members.
8. For revitalisation of existing societies and organisation of new societies, the aim should be to cover a compact area with a cluster of primary societies linked to a central level society instead of isolated and ad hoc ones.
9. Every primary society should aim at providing a package of services to the fishermen, all under one roof.
10. Intensive drive should be launched for bringing all active fishermen into the cooperative fold. The aim should be to cover at least 50 per cent of fishermen population by the end of Fifth Plan.
11. Steps should be taken to weed out vested interests from the fishermen cooperatives.
12. There is a strong need for membership education programmes among the fishermen through special peripatetic staff and also for training of the managerial and technical staff through specially organised courses.
13. Government contribution to the share capital of societies should be on a liberal basis with reference to the needs and no ceiling need be fixed in this regard. Assistance from the

RBI's L.T.O. Fund should be available to State Governments for this purpose.

14. Facility of M.T. credit from RBI should also be made available to fishermen for purchase of shares of fisheries cooperatives.
15. Since fishermen are very poor, the existing ratio between the member's and Government share capital contributions should be liberally relaxed.
16. A built-in mechanism may be evolved for collecting share capital from fishermen through deductions from the sale proceeds of fish catches.
17. Sale of all the members catches exclusively through the society should be ensured through suitable agreements besides providing a package of services and incentives.
18. In order to free the fishermen from the clutches of money lenders-cum-traders, it is necessary for the cooperatives to provide credit for consumption needs as also for repairs/maintenance of boats/equipments during the off season. For this purpose, RBI's refinance should be available.
19. The Conference welcomed the recent amendments to the RBI Act extending its coverage to fisheries. In this connection, short term/medium term credit may be provided to meet all the needs of fishermen and their cooperatives at concessional rates of interest as in the case of cooperative agricultural credit.
20. Suitable arrangements should be made to provide adequate working capital to fisheries cooperatives through the cooperative and other banks.
21. Banks should be persuaded to reduce their margins on advances to fisheries cooperatives. Wherever necessary, the State Governments should extend guarantees.
22. The Conference welcomed the various liberalised patterns of assistance circulated by the NCDC for financing fisheries programmes. It,

however, recommended the following additions/modifications:

- (a) In regard to assistance for development of tanks, since it will take two to three years for seeding etc., it was recommended that a moratorium for first three years might be allowed. It was also recommended that assistance should cover establishment of fish seed farms including hatchery units and dry bund breeding units.
 - (b) Under processing, provisions might be made for assisting units for establishment of peeling sheds and equipment for preparation of prawn for export, for transport of fish seeds (oxygen cylinders). Since the mechanized boats start earning from the very first year, no moratorium need be provided on loans for purchase of mechanized boats.
 - (c) Assistance should be made available for establishments of diesel outlets for supply of diesel to mechanized boats etc. and also for opening retail outlets for sale of fish and fish products in wholesale as well as in retail marketing centres.
23. The fish wholesale markets should be regulated.
 24. Where large outlays are involved, a consortium approach should be adopted between the RBI, ARDC and the NCDC in financing fisheries projects taken up by cooperatives. There should be effective coordination among these institutions.
 25. As in the case of agricultural marketing societies and dairy cooperatives, fisheries cooperatives should be exempted from payment of income tax.
 26. The sales tax paid by fishermen cooperatives may be ploughed back to them by the Government in the form of share capital/long term loan as in the case of small/medium sized industries.

27. The Conference emphasised the need for training of managers/secretaries of primary cooperatives of fishermen and recommended that steps should be taken to make available institutional facilities for training of such personnel which, to begin with, might be selected from the cooperatives dealing in marine fisheries. For this purpose, training facilities available with the Committee for Cooperative Training at its training centres at the coastal States should be profitably utilised. The Conference further recommended that syllabus for training should be drawn up by the NCDC in consultation with the Fisheries wing of the Union Ministry of Agriculture and Irrigation and the Vaikunth Mehta National Institute of Cooperative Management, Pune. The NCDC might also provide financial assistance to the Committee for Cooperative Training towards the expenditure incurred by it on stipends to trainees and their travelling allowances, etc.
28. Great stress was laid on education of members and office bearers of the primary fisheries societies in the principles and practices of cooperatives and the obligations and responsibilities of the members towards their societies. The Conference, therefore, recommended that NCDC, in collaboration with NCUI, should take up a programme of educating members and office-bearers of primary fisheries societies, initially in the coastal States of Gujarat, Maharashtra, Karnataka, Kerala and Tamil Nadu and the NCDC should also provide financial assistance to NCUI towards the cost of instructors and meet expenditure on daily allowances to be paid to the participants.
29. State Governments should make adequate supporting provisions in their State Plans/budgets in order to attract institutional

finance from NCDC, etc. Provision should also be made in the State Budgets for receiving/passing an assistance from NCDC under various programmes.

Valedictory Address by Shri A. P. Shinde, Union Minister of State for Agriculture and Irrigation

In his valedictory address, Shri Shinde said that far reaching changes in the economy of the country were taking place for up-lifting the weaker sections of the society. The convening of this Conference was very timely. He was happy that NCDC, which had done commendable work in the development of cooperatives all over the country, had now entered the field of fisheries. He laid stress on the expansion of our fishing fleet with indigenous efforts in order to enable our fishermen to exploit fishery resources beyond our territorial waters by adopting improved technology. A necessary corollary to this would be to build basic infrastructural facilities for landing and berthing for the fishing vessels, processing, storage and transport and marketing facilities.

Shri Shinde stated that the fishermen constituted the backbone of the fishing industry. Though there were 5,000 primary fishery cooperatives in the country they suffered from many ills such as lack of technical experience and inadequate financial and organisational support. He suggested to the delegates present to take full advantage of the scheme of financial assistance announced by the National Cooperative Development Corporation to strengthen the cooperative movement in the field of fisheries in their respective States. The need to build the efficient management cadre was also stressed. He assured the delegates that the Ministry of Agriculture and Irrigation would give the highest consideration to the recommendations made at the Conference.

TOWARDS SUCCESSFUL CONSUMERS' COOPERATIVE MOVEMENT IN INDIA

M. Basavana Goud

CONSUMER throughout the world has been the object of exploitation. What is peculiar about India is the staggering extent to which malpractices such as adulteration, underweighment, false labelling, arbitrary pricing and underhand dealings are indulged in by the private trader. Consumers' cooperatives are supposed to provide a natural and strong countervailing force against such unfair practices. Unfortunately, consumers' cooperative programme in our country received attention only during special circumstances like emergencies, wars, exigencies of supplies and prices and was entrusted with the task of distribution of scarce commodities and implementation of rationing schemes. When once the normalcy was established and controls were withdrawn, these societies faded away.

However, the movement received a new life with the introduction of a centrally-sponsored scheme for consumers' cooperatives by the Government of India in 1962. The basic objective of this scheme was to achieve equitable distribution of consumer goods at fair prices and thus exert a healthy impact on the rising price line. The scheme envisaged the organisation of Federation of retail societies at the State level and a Federation comprising of State Federations at the National level. Thus consumers' cooperative activity in the country has developed on a four tier structure. Primary societies federated into wholesale societies at the retail sector and State Federations and National Federation in the wholesale sector.

As a result of the centrally sponsored scheme, consumers' cooperatives have made a considerable headway as can be seen from the following table :

Progress of Consumers' Cooperatives in India

(Rs. in crores)				
	Number	1961-62 (Rs.)	Number	1969-70 (Rs.)
Primary Societies	7,266	35.40	13,562	175.42
Wholesale Societies	32	2.15	383	153.36

The number of Primary societies have doubled and their sales have increased five times during the period 1961-62 and 1969-70. Wholesale societies have achieved a rapid growth during this period. Though this progress appears to be spectacular, one is disappointed if one looks to the efficiency of management of these societies. Nearly 4,104 Primary Societies or 30 per cent of the total and 220 Wholesale Societies or 58 per cent of the total were running under loss during 1969-70. What surprises is that the number of societies running under loss has been on the increase year after year. Secondly, the impact of these societies on the distributive trade is negligible as they hardly account for one per cent of the retail trade in the country. Anyone watching the consumers' cooperative movement in our country will admit that the progress in terms of quality and service to the consumer has not been commensurate with the money and energy spent or adequate to normal expectations.

One of the reasons for the failure of consumers' cooperatives is the keen competition from the private trade. Private trader has certain advantages compared to consumers' societies. Firstly, the cost of management of the private trader is

negligible or sometime nil (as most of the employees will be their own family members) compared to 4-5 per cent of the total sales (during 1969-70) of the consumers' societies. Some of the consumers' co-operatives with a fairly good turnover normally have a profit margin of 3-4 per cent over their sales and major portion of this profit is spent on salaries and establishment. Societies with a meagre turnover will end up in losses. Hence, the aggregate profit of total sales of all consumers' societies will be less than one per cent. Secondly, it is an open secret that there is evasion of sales-tax and income-tax on a large scale by the private trader. This places consumers' cooperatives in a disadvantageous and unequal position since consumers' cooperatives have to account for each and every transaction. Thirdly, private traders also indulge in large-scale adulteration which a co-operative would not do. The result of all this is that the private trader can maintain a price at which it will be difficult for the consumers' societies to compete. Government, apart from simplification and rationalisation of sales-tax structure, may also consider granting concessional rates of sales-tax on the sales of consumers' cooperatives and enhance the exemption limit of income-tax for these societies. Since these are social institutions established to ensure equitable distribution of scarce commodities and to curb continuous rising prices, there is valid justification for giving tax holiday to these institutions till they grow in strength. Ultimately, all measures should aim at increasing the sales turnover of these societies and thereby making them financially strong.

What should be done to increase the sales turnover of these societies? This is possible only when consumers' societies offer a competitive price for their sales and at the same time maintain the quality coupled with proper consumer education. For achieving this objective an efficient purchase and sale policy, both at the wholesale and retail level, is a must. It is suggested here that consumers' cooperatives should buy foodgrains in bulk quantities during the harvesting season when the prices are normally low and sell them during the succeeding months on the basis of their cost irrespective of the prevailing market prices. Such an arrangement will definitely help in influencing the market price and hold the price level. This scheme

to work efficiently requires proper demarcation of functions between wholesale sector and retail sector. Unfortunately, the present four-tier structure of the consumers' cooperatives in our country does not help to achieve this objective, as there is no organic link between the wholesale sector and the retail sector. At present many of the wholesale societies are also doing the retail business to the extent of 47 per cent (during 1969-70) of their total sales. On the other hand primaries, being small in size, deal only in rationed and controlled commodities and approach wholesale societies for the procurement of scarce commodities. Otherwise, they continue to make their other purchases from the private wholesalers even when some of these goods are available with their wholesale society. Even these wholesale societies procure only about 7 per cent of their requirement from their State Federations. National Cooperative Consumers' Federation (NCCF) also procures foodgrains and pulses and sells them to State Federations and to wholesale and retail societies directly. Some of the State Federations feel that all kinds of supplies from NCCF should be routed through the State Federations and not by direct offers to any consumers' cooperative in the country. But the NCCF feels that if the co-operative retail societies have to maintain competitive prices they should be free to buy their requirement from any source which offers them goods at cheaper rates.

The foregoing analysis reveals that there are three institutions (viz. NCCF, State Federations and Wholesale Stores) in the wholesale sector with more or less similar functions but each competing with the other for the retail market. On the otherhand, primary societies purchase bulk of their requirements from the private wholesaler rather than from the consumers' wholesale stores. The fact is that there is a scope for only one agency at the wholesale level, even in the cooperative sector, in respect of those goods where competition is very stiff and profit margins are extremely low. All this boils down to the conclusion that there is no organic link between the wholesale sector and the retail sector in the present four-tiered structure. In order to establish such a link it is suggested that it is better to have only three-tiered structure of consumers' co-operatives i.e. NCCF at the national level, State Federations at the State level and primary societies

at the town or city level. NCCF should confine itself with the processing work and distribution of confiscated commodities. State Federation will be purely a wholesale procurement agency with a number of branches within the State. These branches should be located at important market and/or production centres of different commodities rather than at district headquarters as is done at present. Their function is to procure and store in bulk, quantities of those commodities for which the particular market and/or production centre is known for the supply of required quantities to the primary societies. These wholesale societies can get the help of marketing societies at the time of purchase instead of purchasing their requirement from the marketing society and thereby increase another wholesale agency and also cost. Retail societies established in cities or towns should purchase their requirements from the branch wholesale societies directly and concentrate their attention and energy in improving retailing techniques and service at the counter. In case of inter-State purchases, one State Federation (Head Office of the wholesale societies) can contact another State Federation directly and purchase its requirement and sell it directly to its primaries. NCCF can be of help in arranging such transactions. In such a system we find that an organic and functional link is established between the primaries doing the retail business and state Federations doing the wholesale business and the cost of operations will be reduced to a considerable extent. This

structure will have added advantages of economics of scale, avoids duplication of efforts and wastage of limited resources.

Another aspect of the purchase policy which needs to be emphasised is that many of the co-operatives make defective and costly purchases. This results in accumulation of stocks, prevents flow of new stocks, causes additional overhead costs by way of lock up of capital and stocks besides contributing to the fall in turnover. Competitive price structure can be maintained only through a well planned, well defined and well implemented purchase policy.

Diversification of business is often suggested as a measure to improve the business and financial strength of these cooperatives. In our opinion diversification of trade is not going to help the situation because of two reasons : (i) it will not be possible for these cooperatives to compete with private traders in each and every item they trade in, and (ii) their finances do not permit them for diversified business on a large scale to compete with the private trade. Hence, it is better, they concentrate on their business in foodgrains, controlled and rationed commodities and do it efficiently. They must learn to function as business units and gain sufficient experience in business before they think of expanding their activity.

Economy is too late at the bottom of the purse.

Seneca

FISHERIES COOPERATIVES AND FISHING INDUSTRY IN INDIA

G. D. Durgekar

FISHING industry occupies a place of prominence in the economy of India in view of immense scope for development and also for the vast export potential it commands. This industry is attracted by the developed as well as the developing countries all over the world, as it provides cheap protein food with less investment.

India is bound by three seas, in the West, Arabian Sea, in the East, Bay of Bengal, and the Indian Ocean in the South with total continental shelf as vast as 3,11,680 square Kms. It is also blessed by numerous rivers, rivulets, and their tributaries, resulting in perennial and seasonal water ponds, tanks with an estimated area of 16 lakh hectares. If the whole fishing potential had been thoroughly exploited, India would have topped the list in fish production and the yield would have been 8 to 10 times more than the present production. Unfortunately, the efforts made in this direction, so far, have not been much stimulating in spite of increasing plan outlay, which was Rs. 2.75 crores in the I Plan, increased to Rs. 83 crores in the IV Plan. The V Plan outlay has been fixed at Rs. 160 crores. Considering the increased outlay for fisheries development, the fish production has not shown much improvement. Fish production both in inland and marine sector was 7.51 lakh tonnes in the beginning of the First Five Year Plan which increased to 18.70 lakh tonnes in 1971-72, the figure remained rather constant during 1972-73 and increased to 22.84 lakh tonnes in 1973-74. The fish production target for the Fifth Five Year Plan has been fixed at 30 lakh tonnes.

The development of fisheries not only contributes to the increase of fish production but also improves the socio-economic conditions of the fisher-

men, provides employment opportunities to the people in the fish processing plant, fish drying, curing operations, etc., facilitates movement of more fresh fish from landing centre to marketing centre and makes available fish to the consumers at a fairly reasonable price. Keeping these broad objectives in view, fisheries cooperatives were organised in the country. The organisation structure of fisheries cooperatives more or less is on the pattern of agricultural credit cooperatives. The individual fishermen are the members of the primary fisheries cooperatives while the primary fisheries cooperatives are the members of the district level fisheries federations. In some of the district federations, individual fishermen have also been enrolled. State level fisheries federations have also been organised in a few States.

On 30th June, 1974 there were 4,593 primary fisheries cooperatives in the country with a membership of 4,80,489 and paid up share capital of Rs. 196.24 lakhs. These societies had a total business turnover of Rs. 480.17 lakhs during the year 1973-74. Besides, there were 57 district/Central Fisheries Cooperatives with a membership of 14,041 and total paid up share capital of Rs. 116.733 lakhs. These cooperatives had a total sale turnover of Rs. 501.251 lakhs during 1973-74. There were seven State Level Fisheries Federations. Membership of these federations consisted of primary fisheries cooperatives as well as District/Central Fisheries Federations. In some of the State Fisheries Federations, the individual members were also enrolled. These cooperatives had a membership of 4,989 and paid up share capital of Rs. 25 lakhs as on 30.6.1974. Most of the primary fisheries cooperatives are functioning as credit societies providing credit for short term



A view of the inauguration of Cannery Factory set up by the Cooperative Fish Marketing Federation Karnataka

tives which should have found priority before organising new ones. The main reasons for depression can be attributed to lack of consistency in shouldering the responsibility of the management, illiteracy, ignorance of the members in general who are at the mercy of unscrupulous leadership. A large number of fisheries cooperatives were organised with a view to obtaining cheap credit, grant, subsidy available from the Government. No sooner the drain of such assistance is chocked up the functioning of the society practically ceases, thus making the members to dissociate themselves from the society. Having no other alternative they fall back at the mercy of the middlemen.

In spite of the gloomy picture of fisheries cooperatives, a few cooperatives, both at the primary and district level, have done a commendable job, re-emphasizing that the ideals of cooperative principles, which have been so successfully moulded in the agricultural sector, could be made equally effective in fisheries sector as well. To cite a few examples, the Gujarat Fisheries Cooperative Association, District Federations of Thana, Colaba, Ratnagiri in Maharashtra, North Kanara and South Kanara District Federations in Karnataka, two Fisheries Federations from Tamil Nadu and Andhra Pradesh and a few primary fisheries cooperatives in these States are functioning efficiently. In inland fisheries particularly in Madhya Pradesh, a number of fisheries cooperatives have been doing extremely well. Some of the district federations of the coast have also implemented integrated fisheries projects with financial assistance from the Agricultural Refinance Corporation. The integrated projects, among others, included construction/introduction of mechanised boats, ice plants, cold storage, freezers, service stations for mechanised boats, etc.

Fish and fish products, now-a-days, have an increasing demand abroad particularly in Japan, USA and some European Countries. The main item of seafood on our export list comprised frozen shrimps, lobsters, froglegs, canned sardines, crab meat, lobster meat and dried stuff like sharkfins, fish maws, fish meal, fish bones, sea shell, etc. The following figures would give the trend of seafood export during last 15 years.

needs, supply of fishery requisites, etc. Only a few societies link up production with marketing. In the inland fisheries sector these societies obtain lease for fishing in Government waters.

The progress of fisheries cooperatives may be gauged from the following figures :

	1962-63	1973-74
No. of societies	2,729	4,657
Membership	2,287,09	4,99,519
Paid-up share capital	Rs. 59.66 lakhs	Rs. 337.97 lakhs
Sale of fish, fish products and fishery requisites	Rs. 236.42 lakhs	Rs. 1327.31 lakhs
No. of societies in profit	1,067	1,023

There is a steady increase in the number of fisheries cooperatives organised in the country; figure which stood at 2,729 in 1962-63 stands at 4,657 by the end of 1973-74. The growth of membership and share capital has also shown gradual upward trend during these years. But the number of cooperatives running in profit has rather remained constant. This is the clear indication that, in spite of quantitative increase in the fisheries cooperatives, efforts were not made in the direction of revival; reorganisation of the existing coopera-

<i>Year</i>	<i>Quantity (in tonnes)</i>	<i>Value (Rs. in lakh)</i>
1960	12,540	321.21
1965	15,457	692.38
1970-71	35,883	5507.37
1971-72	35,523	4454.69
1972-73	38,908	5971.78
1973-74	52,279	8950.72

The share of cooperatives in this export trade is insignificant although it is estimated that nearly more than one third of the fishermen are members of the cooperatives. The poor performance of co-operative sector vis-a-vis private sector could be attributed to ignorance, general illiteracy, limited resources and less inclination towards adopting improved techniques of fish capture, preservation, processing marketing, etc.

By and large, in all the States, the administrative control of the fisheries cooperatives lies with the State Directorate of Fisheries. In some of the States, a separate "Cooperative Cell" has been created in the State Directorate of Fisheries for facilitating better control over the fisheries cooperatives. In every State, where a large number of fisheries cooperative societies are lying defunct, a thorough study may be conducted for identifying the causes leading to stagnancy in their working. The cooperatives which are inactive for a long time should be wound up, the cooperatives which are not financially viable should be reorganised/amalgamated. These measures may also entail adequate provision of extension media and liberal financial assistance. It is not sufficient to provide budgetary provision for fisheries cooperatives; it is equally important that the facilities and preferences available to the fisheries cooperatives over others are given wide publicity. Survey and researches for identifying the fisheries potential by sea-bed and usage of modern fisheries techniques should find

priority. The fruits of such studies should be made known to the fishermen community by means of simple media such as audio-visual demonstration, circulation of literature in simple language, etc. In this context, the views of the Annual Conference of Ministers for Cooperation held at New Delhi in July, 1974 are worth mentioning,—“A large number of fishery cooperatives are dormant. Structural reorganisation should, therefore, precede any attempt to undertake a large programme of fishery activities in the cooperative sector. Effective implementation of a programme of reorganisation of fishery cooperatives should therefore, be undertaken, on a priority basis, with substantial assistance from the State Governments to these cooperatives in the shape of share capital contribution, loan and subsidy for various activities.”

Every year Conference of Registrars of Co-operative Societies and the Ministers incharge of Cooperation of all States/U.Ts. is convened to review the working of the cooperatives in the country. As a matter of formality a reference is made to the functioning of fisheries cooperatives while dealing with the cooperatives of weaker sections. However such Conferences are seldom represented by the State Directorates of Fisheries with whom lies the responsibility of efficient working of these cooperatives. It is desirable that the State Directorates of Fisheries are also invited to such Conferences while discussing the problems of fisheries cooperatives. In case this is not practicable a separate Conference/Seminar at the State level as also at the National level should be convened. The representatives of fisheries cooperatives, State Directorate of Fisheries and also the Fisheries Research Institutes should be involved so as to form a common forum for exchange of views, for solving the problems faced by the fisheries cooperatives and for arriving at suitable solutions.

It is heartening to note that the V. M. National Institute of Cooperative Management, Poona, has recently included in its calendar of syllabus a suitable course for the benefit of the executives of fisheries cooperatives. This course is being regularly conducted by the Institute. The fisheries cooperatives should take full advantage of such courses. Training courses for the benefit of members, Managing Committee members should also

be organised under the auspices of State Cooperative Unions/District Cooperative Unions of the respective States. Next to non-official cooperation, the role of official also plays an important part in successful working of the cooperatives. Therefore, the training which the Government and other institutes impart for organisation and development of fisheries cooperatives should be given due importance.

In view of the large number of fisheries cooperatives in the country having multifarious problems, sometimes varying from region to region, the need of national level federation cannot be exaggerated at this stage. The Apex Federation at the national level should provide the necessary leadership to the movement in this sector and function as a mouthpiece of the entire structure in regard to the policies pertaining to organisation and development of fisheries sector on sound modern lines based on cooperative principles. The organisation of National Federation of Fisheries Cooperatives on priority basis needs special consideration.

The Fifth Five Year Plan for development of fisheries, among other, envisages :

- (i) To step up the annual level of fish production significantly ;
- (ii) To improve the socio-economic condition

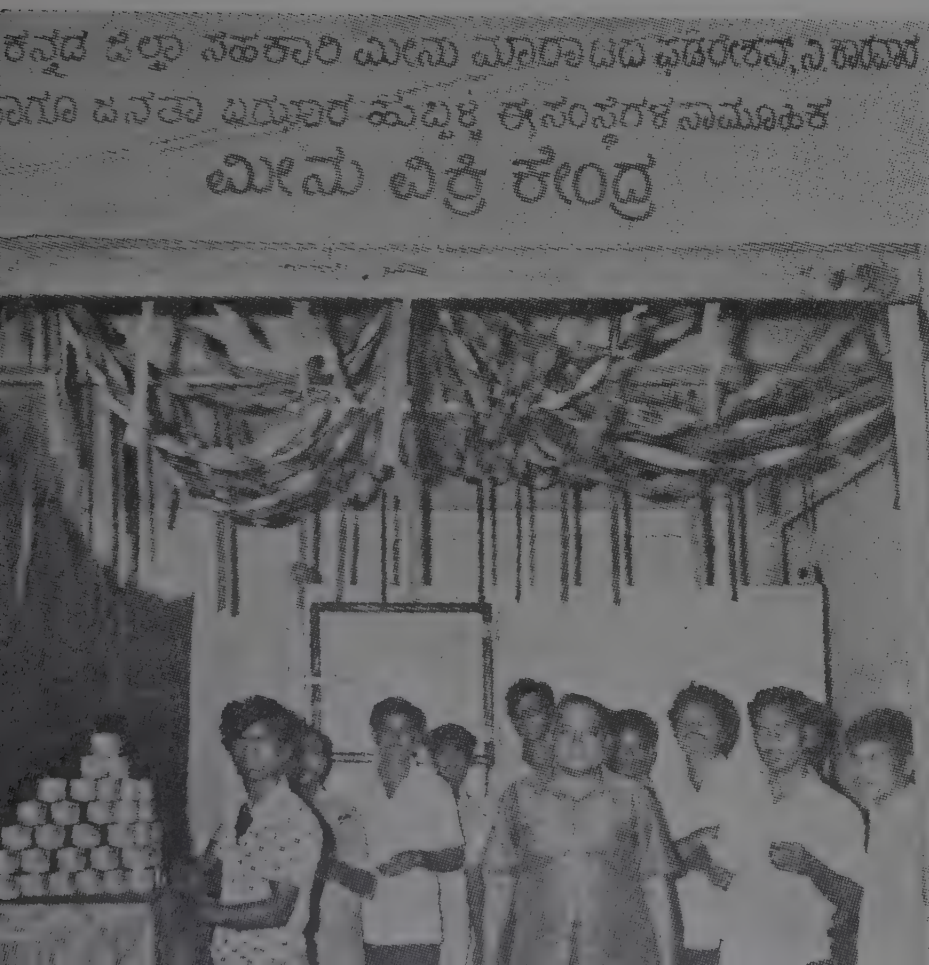
of the fishermen and to increase the employment potential of this sector ;

- (iii) To improve the system of marketing of fish and fisheries products in the domestic market ; and
- (iv) To tap, on an increasing scale, the vast potential for foreign exchange earnings through export of selected high priced varieties.

The notable development in inland fisheries in the Fifth Five Year Plan is the implementation of Fish Farmers Development Agency, under Central Sector Scheme similar to the SFDA/MFAL in agricultural sector, which would seek to bring about the required coordination of different agencies connected with inland fisheries and to popularise and promote intensive and integrated fish culture in tanks and ponds. Under this scheme, cooperatives will have two important roles. Firstly, they should identify their members who could be selected for training in intensive fish production under the scheme. Secondly, the cooperatives should provide common facilities to their members like taking on lease water areas and marketing of fish of the participants in the programme.

The National Cooperative Development Corporation which, in the past decade, has been planning and promoting the programmes through cooperative societies in the sphere of production, processing, marketing, storage, export and import of agricultural produce, notified commodities, etc., has recently started promoting and financing the fisheries cooperatives in order to enable them to increase the production of fish and fish products, develop marketing and processing facilities for the purpose and also to improve export, etc. The financial assistance from the NCDC is available both for development of inland fisheries and also for provision of infrastructural facilities for development of marine fisheries. The NCDC is, perhaps, the first institution to fully assess and understand the problems of fisheries cooperatives at various levels in the country. The salient feature of financial assistance for fisheries programmes is the provision of subsidies at a varying percentages for all programmes in order to make the schemes economically viable in addition to the provision of mora-

A Sales Depot at Hubli



torium in repayment of loans to cover the period of installation/construction of the sanctioned schemes. Hitherto, such a liberal financial assistance was not extended by any financing agency. Now, it is the turn of the fisheries cooperatives to reciprocate

equally by formulating suitable proposals and avail of financial assistance from the National Cooperative Development Corporation. For details, the fisheries cooperatives can also contact the concerned State Directorate of Fisheries.

ILO ASSIGNMENT FOR K. K. TAIMNI

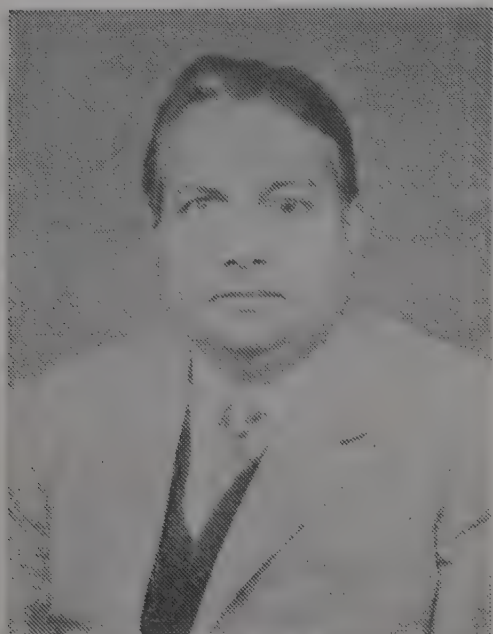


MR. K. K. TAIMNI, a senior Faculty Member at VMNICM Poona, has been appointed an ILO Expert on Cooperative Management Training in Sri Lanka.

Mr. Taimni left for Colombo on 16th January to take up his new assignment.

He will help develop management development programmes for Cooperative Executives in that country.

A leading expert on Cooperative Management, Mr. Taimni has wide and varied experience of cooperation and has many publications to his credit.



A committed Cooperator, Shri R. S. Umre, hails from Maharashtra, a land of veteran Cooperators. Post-Graduate in Economics/Commerce, Shri Umre has been working in the National Cooperative Development Corporation for almost two decades.

A man of simple habits and gentle nature he believes in hard work with a motto of, "मा फलेषु कदाचन" A lover of languages, Shri Umre knows, besides English, Hindi, Marathi, Urdu, Russian and German.

A widely travelled man, both in India and abroad, he studied Cooperative Consumers' Movement in U.K. during 1952-53. As a trainee under the 'Colombo Plan', he received training in 'Agricultural Marketing and Management in Cooperation' in Canada during 1970.

After completing his assignment as Regional Officer in Eastern Region at Calcutta and in the Western Region at Poona, for about six years, he has recently taken over as Director in NCDC's Head Office to head the Rural Consumer Division.

OUR NEW DIRECTORS

Shri Swarn Singh Athwal, Joint Director (Research & Evaluation Cell) in the NCDC has taken over as Director (Marketing).

Born in 1921, Shri Athwal graduated with Agricultural Economics and Horticulture as major subjects. He obtained his M.Sc. degree in Agricultural Economics with Theory of Economics, Rural Economics & Sociology & Statistics. He also submitted a thesis on "Marketing of Vegetables in Punjab".

Shri Athwal carries with him twenty-six years' experience of research work in various planning and development organisations of State and Central Governments. As Inquiry Officer in the Board of Economic Enquiry, Punjab, he organised and conducted a survey on the economics of farm management in selected districts of the State.

He joined Planning Commission, Government of India, as Research Officer and was responsible for studying the progress of cooperative movement in the agricultural sector, especially, in the spheres of credit, marketing and processing of agricultural produce, storage, distribution of farm inputs besides training of cooperative personnel.

While in the Planning Commission, Shri Athwal conducted a pioneering study for the assessment of credit requirements for agriculture in India. This work of his was highly acclaimed by the Government of India. Shri Athwal is closely associated with the NCDC as a Deputy Director, Regional Officer at Bhopal and Joint Director (R&E). He was responsible for the formulation of plans and programmes and promotion of marketing of fertilisers through the cooperatives.



A WRITERS' COOPERATIVE

M. K. Madhavan Nayar

SAHITYA Pravarthaka Cooperative Society Ltd. is a Co-operative of writers, perhaps the only one of its kind in the world when it was started in 1945 at Kottayam Kerala. Twelve writers took the initiative to begin this Cooperative publishing concern to get their books published and get maximum benefit out of it. In those days it was not easy to find a publisher who would readily accept an author and give him a reasonable remuneration. The Society was started with a meagre capital of Rs. 120 and now it has risen to Rs. 8 lakhs. Writers of Kerala today get a fabulous royalty as much as 3.1 per cent out of their creative works. To those who often ask what is the secret behind the success of the society, the only answer is *it is a cooperative of writers, putting stress on the word cooperative.*

Some thirty years ago a conference of progressive writers was convened at Kottayam in Kerala. Long deliberations on various aspects of literature were made. The conference lasted for three days. On the last day, it was found that most of the participants did not have enough money for the return fare. Thus came up a serious issue there: the economic stability of the writer. Like any other human being, a writer has his own needs. They put their heads together. It was a time when writing was not considered to be remunerative. At last the idea of a cooperative was accepted. Thus a Cooperative Society of the authors for the authors, was formed.

Nothing could be done during the first four years except bringing out a collection of short stories by Thakazhy Sivasankara Pillai, author of Chemmeen.

The regular publishing business of the Society began only in 1949. During the last 24 years the

Society has brought out about 5,300 books. For the last three years the Society has been bringing out books at the rate of one book per day. Self defecated service of the members and the workers has led the Society from success to success. The Society has its own Printing and Sales Departments. Branches of its Sales Department known as National Book Stall have been established in all the District Head Quarters of the State. Ninety per cent of the prominent writers of Malayalam are members of the Society.

Through publishing books, the Society has been rendering meritorious service for the development of language and literature. Translations of outstanding works in other regional languages have been brought out by the Society. Voluminous works like Dictionaries, Histories of language and literature, deluxe editions of epics like Mahabharata, Ramayana, Bhagatam, Bhagavatgita etc., translations from world classics are regular features of the publishing scheme. Another major scheme of the Society was a Malayalam Encyclopaedia in 10 volumes of 10,000 pages in Crown Quarto size. Ten thousand copies of it were printed in an edition and 80 per cent of it was sold out at a comparatively low price. It has emerged as the largest publication of the language and involved an expenditure of Rs. 30 lakhs.

The Printing Department of the Society is known as India Press. It has earned a name in quality printing and production of books and is one of the well equipped printing houses in the State. It enables the Society to bring out books attractively and accurately.

The Society could bring a total revolution in Kerala's book industry by giving incentive to writers, by inculcating reading habits among the

public and by inducing indirect improvement in the get up of books. The Society claims with a pride that it has shown a noble and inspiring path to the world of writers to free themselves from exploitation and raise the standard of books and readers thus paving the way to cultural progress in general.

The Society publishes a monthly bulletin in which all the titles published in Malayalam in the current month are listed with book reviews, cultural news and comments. It is the most important publication of its kind in the language. The annual number of the bulletin published in April every year contains a comprehensive list of almost all Malayalam books hitherto published and as such it is considered to be a useful reference work.

The Society has pioneered many new types of promotional measures. It has launched various schemes to promote reading habit among the people.

All the books available in Malayalam are sold through the sales depots of the Society. Pre-publication concession is offered to all costly books. There are the Book Shelf Schemes and Book Installation Schemes through which people can have books of their choice by paying the price in easy instalments. Exhibitions and literary seminars are organised by the Society along with cultural events. These have aroused book-mindedness in people to a large extent.

As a Cooperative of unique character, the Society has been acclaimed as a phenomenon in the world of publishing. The Society can rightly claim that it has laid a firm and solid foundation for the economic prosperity of Malayalam writers and for the cultural renaissance in Kerala. Future historians will find that the history of Malayalam literature is linked with the history of the Sahitya Pravarthaka Cooperative Society.

Man loses his true stature when he fails to unite fully with his fellows. A complete man is one who has this capacity for union, a lone individual is a fragmented being.

Rabindranath Tagore

SUPERVISORY SYSTEM FOR AN AGRICULTURAL PROCESSING COOPERATIVE-III

K. K. Kapoor

ORGANISATIONAL supervision covers up the stage of organisation of the cotton ginning and pressing cooperatives. It has three steps in operation, illustrated as :

- (a) Potentiality survey...Identification of alternatives...analysis of economics of the alternatives...synchronisation of choice of the alternative with the choice and resources of the people.
- (b) Tentative decision of the growers to form a cooperative society for ginning and pressing of cotton...evolve or find suitable bye laws and rules of business...discussions amongst the cotton growers...proposal formulation of a cooperative society.
- (c) Registration of the society...approval of the rules of business...prescription of forms and returns...information about sources and procedures of obtaining financial and other types of assistance.

In the light of the aim-systems of various supervisory organisations, the steps at (a) should be supervised by the extension wing of the NCUI, at (b) by the State Cooperative Federation and at (c) by the State Federation and State Government concerned. It is significant that steps at (b) can be taken if steps at (a) are first completed and that (c) can be taken up after (b) is completed, so far as grouping is concerned. This stage, in our view, is most significant and fundamental to what is likely to follow.

Project Supervision

Under this category we will discuss the steps required to be taken for setting up the project, a

cotton ginning and pressing unit, by a cooperative. This can be listed as follows :—

- (1) Raising of proportionate share capital from members. A cooperative ginning and pressing unit which would have a project cost less than Rs. 1.5 million, is required to have an equity debt ratio of 25:75. Of the equity portion a certain part will be contributed by the State Govt. The ratio of state contribution in the share capital differs from 1:1 to 1:3.
- (2) Preparation of the economics of the scheme and the project report.
- (3) Submission of application to the State Govt. for share capital contribution on its part, as per the ratio accepted by the State Govt.
- (4) Submission of application to the financing agency NCDC, for long term loan, according to the prescribed procedure, upto 75% of the project cost.
- (5) Identification of suitable site and machinery for the factory based on the civil construction requirements.
- (6) Formulation of a programme for extension work in the area.

For action timing control, it may be mentioned that the above steps can be grouped in two groups for action as (1 & 2) and 3 to 6. Steps from 3 to 6 however, cannot be properly taken up without having completed the action on steps at 1 & 2.

After completion of second group of steps, further action could begin only after sanction or

firm commitment of share capital from State Govt. and block loans from NCDC.

- (7) Purchase site.
- (8) Place orders for machinery, keeping in view the capacity of the society to complete actions like, factory building engagement of technical personnel and manager, water and electricity at site and release of funds.
- (9) Engage contractors for civil construction work, providing for construction of the factory building before the machinery is scheduled to start arriving and that it is in accordance with the civil plan given by the machinery suppliers.
- (10) Move for electricity connection.
- (11) Arrange water at site immediately.
- (12) Advertise for the posts of the top technical personnel required and a manager for the proposed unit so that they are in position before the machinery is at site.
- (13) Pursue with Govt./or other financing agencies for the release of sanctioned money.
- (14) If the unit is being set up by a marketing society, then start making agreements with the cotton growers for supply of cotton to the ginning and pressing unit (based on the plant capacity requirements). If the unit is set up by an independent society, then start negotiating with the local marketing society for supply of required quantity and quality of cotton and for its intermediary storage.
- (15) Arrange with banks, working capital loans before cotton starts arriving in the market.
- (16) Ensure that owned or hired storage is available before cotton season.
- (17) Establish contacts with spinning mills for supply of lables. This will determine the cotton purchase and stocking policy of the cooperative.

(1) Action on steps from 7 to 14 can be initiated simultaneously and on 15 to 17 only after the first group of sections is taken care of. It is also important here to consider the chances of delay in civil construction sanction and availability of funds, supply of machinery, electricity connection etc. A critical time for such steps which are to be taken by the management of the society can no doubt be fixed but it may be difficult to do so for the steps whose completion depends upon the State Govt. Financing agencies etc. The critical time for such steps will have to be fixed in respect of the Govt., Financing agencies etc.

(2) Steps at Nos. 1, 7, 14 to 17 are to be taken by the society at its own level. For steps Nos. 2 to 6, 8, 9 & 12 guidance and assistance of the State and National Federations should come forth and for steps Nos. 10, 11 & 13 State Govt.'s help is required. We have thus covered the time schedule with groups and step by step areas of responsibilities of the society and the supervisory agencies concerned with a view to ensure that after a decision to set up the project has been taken, it is completed in the least possible time.

Operational Supervision

This category of supervision begins when the unit is set up and the ginning and processing factory is ready to go into production. It is at this stage that the rules of business, the forms and procedures etc. will be brought into practice. Supervision at the stage of working would mean to check and ensure that the rules and procedures are followed. Apart from this, in respect of actions required to be taken by the manager/management, which have not been spelt out in the rules of business, such as balancing of authority and responsibility at various levels, earmarking functions of technical, financial, processing and marketing divisions as well as accountability for each, feed back and control systems etc. may have to be introduced. To facilitate, some of the important areas of operational supervision are listed below, which are based on actual requirements of a good agricultural processing cooperative.

(A) At the Society Level

- (i) Stock controls including duration, quan-

tity and quality of cotton to be stored at ginning and pressing stages at different periods of the year, (because availability of cotton is seasonal). It will call for norms of purchases, volumes of purchases, storage arrangements and its incidence on processing costs etc.

- (ii) Financial controls for each flow, resources availability and proper use of the society's money (in consonance with the terms and conditions of loans).
- (iii) Personnel policies have got to be devised to suit the requirements of staff for the unit and suitable conditions of work to be created for their efficient working.
- (iv) Marketing policies should be such as to avoid stocks of finished product going beyond a limit and that maximum price is secured for the product.
- (v) Proper information feed-back system at all the important and key points like, inventory, stocks, costs, budget and expenditure, efficiency levels, attitudes of members and workers, so as to be aware of them and take suitable corrective action wherever called for, within loop-time cycle.
- (vi) Proper system of keeping all the members and staff informed of the main developments taking place, connecting with the processing activity undertaken by the society such as Government policies affecting cotton production or marketing, new schemes under consideration which could be beneficial to the society, and particularly the developments taking place in working and problems of the cooperative enterprise.
- (vii) Market research in a limited way is very important for the cooperatives to secure best prices for the processed cotton and cotton-seed.
- (viii) Proper motivations for improvement and innovations resulting in greater efficiency, better technical and management practices.
- (ix) Proper procedure for periodical reviews

and evaluation of results *vis a vis* the targets and goals of the society.

(B) At the State Level

At the level of the State Federations, the operational supervision will mean ensuring and helping the agricultural processing society to work out and evolve the sub-systems, techniques, methods and strategies directing towards the goal of the society. However, the areas in which the State Federations shall operate and, if necessary, help the society, may be the following :

- (i) That clear-cut job charts and job evaluation system has been introduced by the society.
- (ii) That appropriate models and forms have been worked out for each stage to record and report performance. They must be data-based, so that every stage of operation can be measured and evaluated in quantitative terms.
- (iii) That the members and staff are being kept properly informed of the work and performance of the society as well as future programmes.
- (iv) That steps are taken to improve working conditions to bring efficiency.
- (v) That effective data-based controls have been introduced at all key points to avoid waste, duplicity, leakage, misutilisation and to facilitate evaluation of operational results and correct the errors.
- (vi) That proper coordination in members, management and staff has been brought about through a process of mutual consultations.
- (vii) That facilities exist for short training in improved techniques, and for improved methods of working.
- (viii) That the programme of extension work is being implemented and constantly improved (helped by NCUI).
- (ix) That appropriate forms for visits and

inspections by officers and for audit have been evolved.

The State Federations and State Government are thus required to devise their supervision to ensure achievement of what the society is aiming at.

(C) At the National Level

The National level supervisory system is actually expected to supplement and complement the efforts of the State Government and State Federation, with a view to remove bottle-necks and improve the systems. The NCDC and National Federations will have to work in complete understanding. For this, some of the important areas of operational supervision at national level would be :—

- (i) Improving the supervisory system at state level.
- (ii) Periodical review of performance of cotton processing cooperatives in a state and evaluate their working.
- (iii) Objective analysis of returns and reports to identify main strong or weak factors in the cotton processing societies in a state, both as a cooperative and as an enterprise.
- (iv) Diagnosis of general problems of operation and policy of the state.
- (v) Research and development.
 - (a) Solve the problems noted.
 - (b) Improve organisational structure, and methods for the sake of efficiency at the society's level, effectiveness at state level and usefulness at the national level.
 - (c) Improve training syllabus.
- (vi) To scrutinise and check the financial health of all the cotton processing cooperatives in general and financially assisted units in particular to ensure proper and profitable use of their funds and loans raised.
- (vii) Specific review of problems of assisted units by a team of technical and financial experts and general review of all units to see that their working and direction is towards the goals set forth.

Supervisory function is thus a continuous cycle of action...controls...feed back...information evaluation...identification of problems...research and development ..solutions...introduction of improved methods and techniques...feed-back and the cycle starts again.

In the light of the foregoing examination, we can say that cooperative supervision is two-fold from within and external.

It would be appropriate at this stage to hint a caution in regard to the role of the state vis a vis co-operatives. For reasons of providing financial help and administrative decision making power, if the Government starts controlling, regulating, and running the movement, it will suffocate the movement as a peoples' economic movement. Such an action will in fact, be self-defeating in results. Therefore, without going into details, it is suggested that the state must watch its steps by way of self-discipline and avoid going to the extent of controlling the co-operatives or even interfering in their day to day functioning. The essential indicator of such an intention of the state will be by declaration of clear conditions and happenings when state will stop and/or start reducing. Such an intention of the state will be well within the ambit of the Developmental Supervision necessitated in the developing countries.

The Developmental Supervision, as discussed above, in the context of agricultural processing co-operatives and specifically cotton processing cooperatives, is based on the acceptance of state's role as promotional agency, which in developing economies chooses to utilise the cooperatives as vehicles and instruments for implementation of state policies.

In conclusion, it may be stressed again, even at the cost of repetition, that irrespective of the structure and competence of the supervisory personnel for them to be effective, data based feed back system, measurable controls mechanism and capa-

city to innovate and bring about a goal-oriented behavioural pattern of the members, board and staff of the society, as well as the supervisory system is a must for success. The degree of success of a developmental supervisory system for

agricultural processing cooperatives will proportionately depend upon the efficiency and the effectiveness of the said three categories of supervision based on functions and specific needs.

(Concluded)

SHRI DEVENDRA KUMAR COMES TO NCDC

SHRI Devendra Kumar has joined NCDC as a Joint Director (Sugar) with effect from January 9, 1976. Born on 15th June, 1934, Shri Devendra Kumar graduated in 1952 from Agra University with science subjects. He did his post Graduate Diploma Course in Sugar Technology from the erstwhile Indian Institute of Sugar Technology Kanpur and worked as a manufacturing chemist at Mawana Sugar Works, Mawana for two seasons. He joined the Government of India in June, 1956. He also worked as chemist-in-charge in the Scheme for payment of Cane Price on quality basis, sponsored by the National Sugar Institute, Kanpur, and also as Chief Chemist of M/s. Mohini Sugar Mills Ltd., Warisaliganj when it was under the control of the Central Government. Before coming to the NCDC, Shri Devendra Kumar was working as Technical Officer (Sugar) in the Directorate of Sugar & Vanaspati, Ministry of Agriculture & Irrigation.



THE KALKULAM VILAVANCODE SHOWS PROGRESS

THE Kalkulam Vilavancode Taluks Cooperative Marketing Society Ltd., was registered on 12.2.1967 and started functioning on 24.2.1967. Its authorised share capital is Rs. 3 lakhs made up of 5000 'A' class shares of the value of Rs. 5 each, 8000 'B' class shares of Rs. 5 each and 2000 'C' class shares of Rs. 5 each. Societies are admitted as 'A' class members, individuals as 'B' class members, traders and merchants as 'C' class members.

Besides, 4 Stores Societies and 3 Lift Irrigation Societies, all the viable and potentially viable village credit societies in the area of operation of the society are its members.

From the year 1967-68, the society had been functioning as wholesalers for distribution of chemical fertilisers to the ryots through affiliated societies. The Tamil Nadu Cooperative Marketing Federation has now taken over the wholesale distribution of fertilisers and the Society is functioning as sub-wholesaler since July, 1973. Eighty six points through which fertilisers are distributed are actively working.

The society is also running 56 retail depots for the distribution of rice, sugar, wheat and wheat products to the family card holders in the two Taluks.

The society has established two processing units, Tapioca Processing Unit and Pineapple Processing Unit.

Except in the first year of its working, the society sustained losses till 1972-73. The society earned a net profit of Rs. 1,92,746 for the year 1973-74 and a net profit of Rs. 1,41,399 in 1974-75. For the period 1.7.75 to 30.9.75, it has earned a net profit of Rs. 9,427.

Working of the Tapioca Processing Unit

Tapioca is largely grown in Kalkulam and Vilavancode Taluka of Kanyakumari District. It is estimated that 36,000 acres are under cultivation.

The average yield per acre is about 3 tonnes. Roughly 60 to 70 per cent of the production is consumed locally as food. Tapioca is available throughout the year but the main season is from January to April and July to August. The Tapioca Processing Unit established by the Society started production from 16.4.1971.

Working of Pineapple Processing Unit

Pineapple is cultivated as a fence crop in Kanyakumari District, equivalent to roughly 100 acres of pineapple cultivation. It is concentrated in the Panchayat Union areas of Thiruvattar, Melpuram, Munchirai and Killiyoor which are within the area of operation of the society. The season is January to June.

The pineapple processing unit established by the society commenced production on 11.2.1974. The capital cost for establishment of the unit was Rs. 2,41,706.

A sum of Rs. 1,31,250 was received as a loan assistance, including NCDC loan of Rs. 1,12,500.

The capacity of the unit is 250 kgs. of finished products per shift of 8 hours. Pineapple slices, pickles juice and various kinds of jams are manufactured in the factory.

The products are sold through Cooperatives and other private agencies. The society has appointed Sales Agents for the sale of its products in Madras city and in Kanyakumari District. The society is also contacting the State Trading Corporation Madras to get export orders.

The year-wise working of the unit is furnished below :

	Production		Sales	
	Qty. tonnes	Value Rs.	Qty. tonnes	Value Rs.
1974-75	27.1	1,02,322.67	18.3	70,192.50
1975-76	0.9	4,113.00	3.3	13,526.75
(1-7-75 to 30-9-75)				

NCDC ASSISTANCE FOR DISTRIBUTION OF CONSUMER ARTICLES IN RURAL AREAS

IN view of the recent developments and the guidelines given under the '20-Point Programme of Economic Development', the need for developing a system of cooperative rural supplies has come to surface. Moreover, the Working Group on Co-operation in 5th Five Year Plan had also recommended that efforts should be concentrated on increasing the coverage of rural areas, strengthening of marketing societies for increasing the consumer business and also encouraging a large number of agricultural service societies to open fair price shops/retail shops for distribution of essential consumer goods.

In order, therefore, to give impetus to the programme, the NCDC has formulated a scheme of assistance for the purpose of augmenting the rural consumer movement through selected primary marketing societies and rural service cooperatives.

Objectives of the Scheme

The main objectives of the scheme are to encourage and assist in the development of rural consumer trade through the existing cooperative structure at the primary as well as intermediate stage so as to increase the total cooperative consumer business in rural areas to Rs. 600 crores in the country as a whole in the last year of the Fifth Five Year Plan and to build up an effective and regular channel of supplies of consumer articles in the rural areas.

Preparation of Projects

Development is envisaged on project lines, each project consisting of 20 to 25 primary service societies linked up for the purpose of supplies either with the primary marketing society or with the wholesale consumer store or with a branch of the State Cooperative Consumer Federation, depending upon the particular situation in the relevant area.

While selecting the project areas, preference may be given to those where consumer activity at present is only marginal. Areas where the cooperatives are already doing well in respect of the consumer business need not be taken up in the first phase.

Selection of Societies

Each State may select 4 to 6 projects. If a particular State, due to its vast areas, decides to select larger number of such projects, the same may be considered on merits of each case. Selection may be made on the basis of the general health of the societies, their existing managerial capability and their potential to undertake/expand their consumer business. Societies located in the tribal and backward areas, hilly areas and deficit regions should be given preference at the time of selection.

Pattern of Assistance

For the implementation of the scheme, assistance would be provided by the NCDC during the year 1975-76 on the following lines :—

Financing the Secondary Societies :

Margin Money Assistance : Margin money in the form of clean share capital contribution will be given to enable the concerned society to raise adequate bank finance. Though the amount of assistance will vary from project to project, depending upon its projected programme and potentiality of growth, an average assistance would be Rs. 0.50 lakh per society.

Assistance for purchase of tempo : If, while framing the projects, it is considered necessary for the secondary tier to have its own transport arrangement, an assistance in the shape of loan-cum-subsidy in the ratio of 75:25 for purchase of a tempo

at the cost of Rs. 0.24 lakh per tempo will be provided.

Assistance for a retail outlet of a primary marketing society for furniture, fixtures and fittings : In case the secondary society is a primary marketing society and proposes to set up a retail outlet also at the mandi level, mostly for the benefit of the visiting rural population, a loan-cum-subsidy in the ratio of 75:25 for furniture, fixtures and fittings at the rate of Rs. 0.12 lakh per society will be given.

Primary Service Society

Assistance for furniture, fixtures required for setting up a semi-modern shop : In case of primary service societies, assistance for furniture and fixtures in the shape of loan and subsidy in the ratio of 75:25 for setting up a semi-modern shop to the extent of Rs. 0.05 lakh per society, will be provided if such a society is not in a position to avail of financial assistance under the LTO Fund of the Reserve Bank of India,

In all the cases, the Corporation's assistance will be released to the State Governments after they have released the amounts to the society concerned.

Normally, a primary service society in the project area should strive to achieve a business of about Rs. 0.50 lakh per year in consumer distribution. The secondary society in the project, should, on this basis, have an annual business of Rs. 7.5 lakhs. This should be the minimum turnover. The primary service societies and marketing cooperatives should strive to achieve the

target and efforts should be made for expansion of business in due course.

Assortment of articles to be supplied from the retail shops in the villages will have to be made carefully, taking into consideration the consumption habits in the area. Stocking of slow moving articles and luxury items will have to be avoided. Mainly, essential items such as cloth, sugar, vanaspati, tea, salt, matches, kerosene oil, edible oil, food-stuffs (in deficit areas), pulses, cycle tyres and tubes, will form the nucleus of the assortment. The success of the scheme will obviously depend upon the regular flow of supplies to the retail depots. The supply of a few consumer items is at present controlled in the States by various Departments/institutions like the State Civil Supplies Departments/State Food/Civil Supplies/Essential Commodities Corporations, State Level Federations, Consumer Federations and some other organisations. Since availability of supplies on a regular basis will be the *sine quo non* of the Scheme, the concerned Supply Organisations will have to be involved in the scheme and their whole-hearted support to the selected cooperatives in respect of regular supply of consumer articles assured before the NCDC sanctions the project(s).

At places, where fair price shops have also been opened, such shops will have to be handed over to the selected credit societies for operation.

Normally, the pattern indicated above will be kept in view at the time of project formulation. However, to suit the local situation, assistance outside the pattern mentioned above can be considered by the Corporation on merits of each case.

IMAGINATIVE INNOVATION BY A PROCESSING SOCIETY

IN the 1975 Rabi Season for wheat procurement, the Mullanpur Cooperative Marketing cum Processing Society Mullanpur (Distt. Ludhiana) Punjab, had to engage some temporary staff for 89 days. In response to an advertisement in the local newspapers, the society received a very large number of applications-almost 4 to 5 times of the number it needed. Most of the applicants were educated young men who wanted to make profitable use of their summer vacations because the job coincided with the vacations. The Board of the society hit upon an idea for providing jobs to the maximum number of these educated young men.

Shri Darbara Singh, the Manager of the Society thought of a scheme by which the society employed all the applicants and also brought about spectacular gains to the society. The Board cleared the scheme on 30-4-75 after passing a resolution reproduced below :—

“We have received a large number of applications for the posts of Accounts Clerks, Peons and Chowkidars, but the vacancies are very limited. Keeping in view the Govt. Policy to provide employment to maximum number of people, it is decided that any candidate who signs an agreement to bring at least 500 quintals of wheat for sale at the Society's Arhit shops by persuading farmers of the surrounding villages, if otherwise found suitable, should be appointed as Accounts Clerk at a fixed pay of Rs. 250 per month. He should also deposit a cash security of Rs. 500. Shri Darbara Singh, Manager, is authorised to sign appointment letters and other necessary papers in this regard.”

The form used for obtaining the undertaking is also interesting in the sense that it is businesslike

and provides for incentive to work.

Undertaking

“I hereby undertake that I shall persuade the farmers of my area and make them to sell at least 500 quintals of wheat at the society's Arhit shops in Mullanpur mandi and other purchase centres from 1.5.75 to 30.6.75. I further agree that in case of my failure to fulfil the said undertaking, the Society will have full right to deduct the amount of commission @ 1½% for the shortfall in the target of 500 quintals of wheat from my security deposit. (To be calculated at the cost price of wheat at Rs. 105 per quintal).”

The result was that the Kutcha Arhatia business of the society which was only 5,300 bags in 1974-75 shot upto 19,750 bags. The cultivators, who brought their produce at the society's yard, were well-received and promptly paid. It is expected that at least 90 per cent of the cultivators, who brought their produce to society, will repeat the performance next year.

The society earns Rs. 1.50 per bag as katcha arhatia commission and Rs. 0.50 as pucca arhatia commission. Through an imaginative decision, the society not only provided employment to a large number of educated youngmen and earned profits for itself but also increased its clientage (for Kutcha Arhatia business) considerably.

The example of the Mullanpur Cooperative Marketing cum Processing Society may serve as a useful guide to other similar cooperative marketing societies in the country to create employment for the young educated men and help implementing Prime Minister's 20rPoint Economic Programme.

RUBBER GROWERS' COOPERATIVE IN INDIA— AN IDEAL CASE OF GROUP ACTION

P. K. Narayanan

Over 75 per cent of the small growers of rubber in India have been brought to the fold of co-operatives. The cooperatives so formed are engaged in rendering a package of services to their members from the stage of planting to processing and marketing of rubber. This network of cooperatives has been effective in curbing monopolistic tendencies which influenced rubber markets and acting as a price stabilizing mechanism in times of crisis. The past record of the rubber growers' cooperatives in India pinpoints to the growing awareness among the small-holders on self reliance and depicts how the cooperative movement could be a dynamic force of social change.

THE proliferation of petty smallholdings and the task of modernizing them are the major problems confronted by the rubber plantation industry in India. Over 99% of the rubber plantations in India fall under the category of 'smallholdings'. Plantations below 20 hectares in extent are grouped as smallholdings and those above 20 hectares are 'large estates'. Latest statistics show that there are only 613 large estates while the number of small holdings exceeds 127,000.

If the figures for the last two decades are analyzed, they will reveal that the smallholdings in India have registered a significant increase of 400% while the large estates have enhanced only by about 40%.

Rubber in India has thus come to stay as essentially a small growers' crop. Though the statutory definition of smallholdings brings everybody owning less than 20 hectares within that category, it is actually the "2 hectares and below" that represents the hard pressed group among rubber growers. Even among the smallholdings, the share of this group is around 90%. They own about 35% of the total area under rubber in India. These holdings are mostly owner-operated.

The assured daily income and the domestic market that prevailed in the case of this strategic raw material were among the favourable factors that

prompted a large number of enthusiastic small entrepreneurs to go in for rubber planting over the years. More than these, the promotional programmes of the Government (consistent with the national policy of protecting the less resourceful sections) directed towards the modernization of smallholdings in the form of subsidies, loans, free materials, expert technical advice, and price support policies have been instrumental in attracting people to plant rubber.

Exemptions allowed by Government for rubber plantations from land ceilings and low rates of taxation for smallholdings could also be attributed as factors which inspired new planting of rubber. The smallholdings have the added advantage that they do not come under the purview of Plantations Labour Act and Industrial Disputes Act which stipulate that the managements of large estates should provide amenities like housing, medical care, leave with wages, bonus, security of job and education of employees' children, in addition to minimum wages for workers of estates. Besides smallholdings offer long-term employment potential to owner-operators and their family members. Sub-division and fragmentation of large estates due to partition among legal heirs also have been responsible to a limited extent to add to the number of larger smallholdings.

The schemes designed for development of rubber

plantations in India are intended mostly for assisting the smallholders particularly the vulnerable and needy ones among them, while the large estates, by virtue of their organized set-up and commercial zeal, are considered affluent enough to take care of most of their requirements. Even the very basis accepted for arriving at the different rates of subsidy for rubber replanting in India is such that the poorest section should obtain the highest share of the cost incurred.

In addition to the cash subsidy, smallholders owning 6 hectares and below are eligible to have high-yielding planting materials free of charge, manure and fungicides at half cost and additional assistance for adopting soil conservation measures.

This example is cited to appraise the pattern of the underlying strategy in all programmes of development.

Organization of Cooperatives

In India development of the rubber plantation industry is entrusted by the Government to a statutory body, the Rubber Board with a mandate to adopt 'such measures as it thinks fit' for the purpose. The prevalence of such a large number of smallholdings necessitated the formation of a strong organizational base and infrastructure for the planned and institutionalized development of this peasant community. Convinced of the enormous potential inherent in the cooperative institutions in providing leadership to economically weak sections through collective action, the Rubber Board had initiated steps as early as 1960 to organize small growers on cooperative lines. The services of a

Special Officer, well-versed in the planning, organization and administration of cooperatives, were made available by the Board exclusively for this purpose.

In order to attract rubber growers to the cooperative movement, the Rubber Board chalked out a few schemes for implementation through cooperatives, with the stipulation that only the members of cooperatives were entitled to avail of the benefits under these schemes. This arrangement, it was anticipated, would ensure more effective involvement of the target clientele in the development activities and hasten the process of diffusion of the benefits under these programmes to all strata of the smallholdings community. Concerted attempts were also made to organize fresh cooperatives of rubber growers in areas where small growers predominated. The Special Officer, in close association with the Extension personnel of the Rubber Board, used to make extensive trips through prominent rubber growing areas having concentration of smallholdings, meet leaders of growers, representatives of local self-governments, leading cooperators, and seek their assistance and leadership in organizing rubber growers cooperatives. In most centres, groups of promoters had to be constituted and briefed on the advantages of forming cooperatives.

It was not difficult to sell the idea of cooperation among rubber growers as the movement had already taken deep roots in rural areas. The movement was first introduced in the country at the beginning of this century with a view to making a breakthrough in the stagnation of the poor classes, especially the vast majority of agriculturists who were highly indebted.

Members Strength of a few Cooperatives

Cooperative	Growth of Membership					
	1965-66	1967-68	1969-70	1971-72	1972-73	1973-74
Meenachil	3,407	4,011	4,228	5,212	5,506	5,600
Palai	474	1,070	1,214	4,986	6,062	6,184
Kanjirappilly	709	861	903	1,844	2,255	2,355
Thodupuzha	1,211	1,339	1,505	2,382	2,664	2,923
Moovattupuzha	627	754	856	1,620	2,088	2,139

Mass Contact Campaigns

The initial efforts of the Rubber Board gradually yielded results and by 1963 rubber growers' cooperatives came into existence. The schemes implemented through and for cooperatives were designed in such a way that in addition to winning the confidence of prospective members, they provided for resources required for the institution to function effectively. The largest single factor which had spurred the movement was the intensive mass contact campaign launched by the Rubber Board in rubber growing centres in the form of one-day seminars. At these seminars organized under the auspices of the local cooperatives, officials from the Research and Extension wings of the Board participated and led discussions on different aspects of rubber planting. In most cases the Chief Executive of the Board also attended the seminars and addressed growers. The presence of such a large team of officials in far off rural areas and their intimate interaction with the growers had helped to instil confidence in the growers about the eagerness of the Board in their welfare and also the cooperative which organized the seminars. Later it was easy for the cooperative to enrol members to its fold and widen the sphere of its activities.

Assistance Through Cooperatives

One of the problems which the Board tried to solve in the earlier days employing the channel of cooperatives was to help the small growers improve the quality of the rubber sheets they produced by offering technically sound processing facilities. Most of the petty smallholders were not affluent enough to have full-fledged smokehouses of their own and the Board volunteered to subsidize construction of smokehouses up to 75% (Rs. 7,500 or approximately US \$1,000) built by cooperatives so that these smokehouses could serve as group processing centres. The Board also agreed to have share participation at Rs. 10,000 (US \$ 1,300) with such cooperatives which built smokehouses. As a result, 15 smokehouses, each with a capacity to hold 1,300 sheets (650 kg.), came into being in different parts of the rubber growing tracts. It was stipulated that societies owning smokehouses should have a minimum membership strength of 100 and paid-up share capital of

Rs. 5,000 (US \$650) to be eligible for share participation by the Board. Besides, a sum of Rs. 1 lakh (US \$12,000) was also given as a special grant to one of the cooperatives for constructing a crepe mill.

Most of the rubber growers' cooperatives formed at the instance of the Rubber Board were Rubber Marketing societies. The cooperative societies engaged in rubber development activities could be classed as :

- (1) Societies which function as rubber marketing societies, having jurisdiction over a *taluk* or district and having individuals and primary cooperatives as members. Individual membership in rubber marketing societies is confined to small growers of rubber. These societies also undertake supply and services of the materials needed by small growers in their holdings.
- (2) Service cooperatives which deal in rubber in addition to engaging in several other multi-purpose activities including financing of members. These are predominantly agricultural cooperatives. Jurisdiction is the same as that of the local self-governments or part thereof and membership is open to all category of people.

At a time when formic acid used for coagulating latex was in great shortage in the country, the quota earmarked for the rubber industry was entrusted to the Rubber Board by the Government for need-based distribution. The Board, in turn, allotted the quota to cooperatives based on the indents furnished by them for distribution among their members. A sizable section of the small growers was highly impressed with the valuable help rendered to them by the cooperatives in this regard. This marked the beginning of service through cooperatives.

Cooperative Marketing

Rubber trade in India till 1963 was controlled fully by private dealers. (This had enabled the dealers to dictate terms and procure raw rubber at cheaper prices from the producers and dispose off

their stocks to consumers with huge margin of profits.) These dealers were real middlemen functioning in between the producers and the consumers. Though it was not possible to evolve a new marketing strategy all of a sudden, cooperative rubber marketing was suggested as an effective solution to exercise some control over the private traders. In view of this, the Board gradually began educating the growers on the advantages and necessity of undertaking rubber marketing 'by the growers' themselves. As a result, the first cooperative rubber marketing society was formed in 1963. Later, several new marketing societies sprang up. Such a marketing society was each offered a working capital loan to the extent of Rs. 50,000 (US \$ 6,500) subject to the condition that it had a minimum of Rs. 10,000 (US \$1,300) as share capital and 200 individual members. In addition, the Board had also made provision for investing shares in each of these marketing societies at Rs. 50,000 (US \$6,500) if it had a minimum of 200 members and a paid-up share capital of Rs. 12,500 (US \$1,600).

Control on Trade

NR is a controlled commodity in India. The minimum prices of different quality and grades of NR are statutorily fixed by Government and transactions below the notified level are punishable under the law. Also every person who wants to purchase, sell or otherwise deal in rubber should procure a dealer's licence from the Rubber Board. Similarly, any rubber goods manufacturer who wishes to purchase or otherwise acquire rubber also has to obtain a licence from the Board. Thus, unlicensed dealing in rubber is an offence in India. The cooperatives which deal in rubber are also bound to abide by these rules.

Schemes Operated Through Cooperatives

The schemes implemented by the Rubber Board through cooperatives for the benefit of smallholders are as follows :

1. *Subsidy for spraying.* Half of the cost incurred by smallholders, who own 20 hectares and below, for the purchase of recommended copper fungicides for prophylactic spray against abnormal leaf-fall disease is reimbursed by the Board through

cooperatives. The spraying materials needed by the growers are made available to them by the cooperatives themselves. In many cases, the spraying is also arranged by the cooperatives.

Earlier, rubber growers' societies had been supplied by the Board with one minimicron sprayer each to enable their members to use the sprayers for preventing the incidence of abnormal leaf-fall disease.

2. *Subsidy for manuring.* Small growers, who own rubber area between 0.4 and 6.0 hectares, are eligible to have fertilizers which are required for their immature area planted with high-yielding materials at 50% subsidized rates through cooperatives. The subsidy due to each grower is paid to the society from the Rubber Board. Fertilizer mixtures of different grades are stocked and sold to the members by the cooperatives.

3. *Rollers on hire purchase.* Small growers owning between 2 and 6 hectares of yielding rubber are eligible to obtain rollers on hire-purchase from cooperatives. If the yielding area owned by a small grower is less than 2 hectares but not less than 1 hectare, two or three such small growers can join together and avail of common rollers on hire-purchase. The funds for the initial purchase of these rollers are advanced to the cooperatives from the Rubber Board. The cooperatives need repay the money to the Board only as they realize the instalmental remittance from the respective buyers, with interest.

4. *Assistance for producing Technically Specified Rubber.* It is the policy of the Rubber Board since 1972 to encourage production of Technically Specified Rubber (TSR), particularly Solid Block Rubber in India under the cooperative sector, in order to slash down the unscientific visual grading system in force. By 1978-79 it is envisaged to bring upto 25% of the total production under the new process. In fact the first crumb rubber factory in India which went on stream in 1974 belonged to the cooperative sector. A few other cooperatives have begun mobilizing resources needed for the erection of new units, utilizing fully indigenous know-how and machinery. The Board offers technical advice and financial assistance for the construction of the factories. Proposals are under

way to have 10 crumb rubber factories in the co-operative sector by the end of the Fifth Five Year Plan in 1978-79. While scrutinizing the project reports presented by different cooperatives for establishing new process rubber factories, the Board gives utmost consideration to the economic feasibility and long-term potential of each proposal to ensure that only viable units emerge.

Spurt for Rubber Marketing

At a time when there was a steep decline in rubber prices in 1970 due to surplus stocks, at the instance of the Rubber Board the Government of India made the State Trading Corporation of India enter the rubber market and effect purchase of raw rubber at notified levels, as a price support operation. The State Trading Corporation authorized the marketing societies to function as its agents in prominent rubber growing areas.

This arrangement facilitated to canalise a sizeable share of the rubber produced by small growers at that time through marketing cooperatives. The Government had issued directives to the State Trading Corporation to stock sufficient quantity of rubber so pooled, through the cooperatives, so as to relieve the market from the glut and restore normalcy. Later, for the first time since independence, Government of India decided to export 5,000 tonnes of NR from India in 1973. Rubber prices later picked up and ruled well above the notified levels as a result of the timely intervention by the Government. The effective involvement of the rubber marketing cooperatives in a crisis like this greatly helped to prove their worth and assume the role of credible agencies devoted to the welfare of their clients.

Analysis of Growth

An analysis of the growth of cooperative marketing societies dealing in rubber in India will reveal how these institutions were functioning as a price stabilizing mechanism.

Among the 1,600 licensed rubber traders in 1972-73 there were only 58 cooperatives engaged in rubber marketing. Though they accounted for only less than 4% of the total strength during 1972-73

they handled as much as 28.5% of the total volume of trade. Such intensive involvement was not warranted in later years as the prices prevailed all over were quite remunerative.

GROWTH OF RUBBER GROWERS' COOPERATIVES IN INDIA

<i>Year</i>	<i>No. of societies</i>	<i>No. of members</i>	<i>Rubber marketed (in tonnes)</i>	<i>Percentage of small-holders' production</i>
1963-64	6	1,423	275	2.1
1964-65	11	2,185	660	3.9
1965-66	16	6,461	1,778	8.7
1966-67	18	9,108	3,027	12.5
1967-68	23	17,953	5,990	19.5
1968-69	23	19,310	3,978	11.0
1969-70	25	20,606	4,284	9.8
1970-71	37	32,977	10,651	21.3
1971-72	58	84,918	14,510	25.4
1972-73	58	89,691	18,513	28.5
1973-74	60	93,880	7,045	9.4

Coverage

The figures for 1973-74 show that, out of 124,397 small growers, 93,880 had enrolled as members of cooperatives. This is well over 75%. The greatest leap in the number of societies and membership is observed during the period 1971-72. The number of societies engaged in rubber dealing rose from 37 to 58 while membership increased from 32,977 to 84,918 in the course of one year. This is the period which witnessed the greatest depression in rubber market in recent years in India. The price support measures implemented through the State Trading Corporation and the network of marketing cooperatives promoted the growers to rally round the movement which paid them dividends. This had indeed a reinforcing effect.

The decline in the volume of trade since 1972-73 of the cooperatives indicates that the small growers has again turned to private dealers to dispose off their produce. Except in a few cases, most of the

marketing cooperatives have purchase depots only in urban centres, while private dealers have buying shops even in remote rural areas. The availability of a purchase point run by a private dealer right at the door of the smallholders tempts him to sell his rubber there despite his commitment as a member of a cooperative dealing in rubber ; more so when the price offered is competitive.

Conference of Cooperatives

To provide a common forum for cooperators connected with rubber growers and the cooperatives to share their experiences and views, the Rubber Board has been organising a two-day "Rubber Growers' Cooperative Conference" every year since 1966 in urban centres located near prominent rubber growing areas in association with the rubber growers' cooperative functioning in that locality. This is done in rotation to provide the opportunity for each cooperative to play host to the conference. Participants to this annual meet include representatives deputed by rubber growers cooperatives operating throughout the length and breadth of the rubber growing belt in the country, leading co-operators, Government agencies, financing institutions and officials from the Research, Extension and Administration wings of the Rubber Board and concerns in the field of plantation supplies and services.

This conference makes exhaustive evaluation of the past performance of the cooperatives and hold fruitful discussions on streamlining the process of implementation of the existing programmes and introducing new schemes to help small growers to adopt modern methods of rubber planting. Constructive and acceptable suggestions which emerge from such conferences have largely helped in formulating new schemes and in restructuring many of the existing ones so as to make the benefits under them easily available to the intended recipient.

Rubber Marketing Federation

The necessity for the formation of an apex organization was felt, with the all-round growth of the rubber marketing cooperatives, to function as a centralized agency for the disposal of the produce pooled by them and in turn to make available to

them stores and supplies at reasonable rates from reliable sources for distribution among their members. Thus, in 1972 the Kerala State Cooperative Rubber Marketing Federation came into existence for coordinating and controlling the activities of the rubber marketing societies. All the cooperatives engaged in rubber marketing were affiliated to this Federation. It appointed authorized agents in different parts of the country to market the raw rubber pooled by the member cooperatives and promote sales of newly introduced technically specified solid block rubber. The Federation also established a fertilizer mixing unit under it to ensure supply of quality fertilizer mixtures at fair prices to rubber growers through its member-societies at the right time and place. This programme, which commenced operation at a time when there was acute shortage of and price escalation for fertilizers, has gained wide acceptance among the small growers. Yet another programme of the Federation is undertaking aerial spraying of fungicide on a large scale against abnormal leaf-fall of rubber.

Recently, with a view to promoting discriminatory use of fertilizers, the Federation has set up a modern laboratory for testing soil and leaf collected from smallholdings through the affiliated societies. The Technical Officer of the Federation goes round the rubber growing areas and persuades growers to avail of this facility so that considerable economy in fertilizer use can be exercised. This programme is also gradually gaining popularity.

The Federation manages the necessary initial financial assistance for the marketing and processing activities of its affiliated members from the National Cooperative Development Corporation which is an autonomous body, constituted by the Government of India for promoting cooperative ventures in the country.

The Federation takes care of the revival of 'sick' societies facing liquidation. Once these are put back to life and made functional, the administration of such societies would be handed over to a team of newly elected office bearers.

Management of the Federation

The affairs of the Federation are managed by

office bearers elected from representatives of the cooperatives affiliated to the Federation. The Rubber Board has played a leading role in the formation of the Federation, which is functioning in close liaison and association with the Board. The Board has extended liberal financial assistance and technical guidance to the Federation for the execution of its projects and programmes.

Future Plan

The Federation has chalked out ambitious plans like setting up a tyre factory in the cooperative sector, opening more fertilizer mixing centres and organizing a fully-equipped machinery to take care of the entire supply and services needed by the small growers.

The formation of the Federation and its entry into the field of rubber marketing, organizing supplies and services for the benefit of the small growers through affiliated member societies, have helped to ensure quality assistance. This sort of commercial activity has enabled the Federation to derive reasonable profits which will again be ploughed back for projects designed for the welfare of small growers.

Concept of Cooperation

The concept of cooperation propagated among the small rubber growers in India is not as a panacea for all the problems afflicting the vulnerable sections, but as a stabilizing and unifying force which would enable the growers to work together for a business purpose on the basis of mutual benefit. The definition of cooperation as put forth by the International Labour Organization holds significance in this context: "a cooperative society is an association of economically weak persons who voluntarily associating on the basis of equal rights and equal responsibility, transfer to an undertaking one or several of their economic needs, which are common to them all, but which each of them is unable to fully satisfy by his own individual efforts". Though the association, as projected in this definition, has to be voluntary, it is often necessary to impart persuasive education to the prospective participants on the beneficial aspects of cooperative organization.

The Rubber Cooperatives in India have not at any time visualized a total elimination of the middleman functioning within the system. The presence of an ideal machinery can curb the misdeeds of monopolistic tendencies to a great length and promote healthy competition and business integrity. To this extent the Rubber Growers' Cooperatives in India have been effective.

The framework within which a cooperative is destined to function permits only upright and legally valid transactions, while the private trade enjoys a wider latitude that enables readjustment of business policies to suit the changing market trends. A cooperative cannot also afford to advance money for the produce of a prospective seller based on speculative market conditions unlike a private trader who is free to do so and keep the transaction unrecorded and unregularized indefinitely. These built-in 'bottle-necks' within the cooperative system provide an edge for the private trade over the cooperative marketing machinery, thereby limiting its competitive position to a certain extent.

Diversification

Once the rubber markets attained stability, the growers' cooperatives despite the decline in the volume of their trade, can afford to diversify their activities so as to widen their sphere of service. In addition to the existing programmes of work, the cooperatives are being encouraged by the Rubber Board to step into the field of raising rubber nurseries under them. The Board is able to meet only around 30% of the annual requirements of high-yielding planting materials from its own nurseries. The rest is met by nurseries run by private individuals. There are over 300 private rubber nurseries in India now. Nursery business is indeed a very profitable proposition. If the cooperatives are able to raise nurseries of their own (a few of them already have their own nurseries), it would ensure the supply of quality materials of high-yielding capacity at reasonable prices and exercise an effective check on profiteering in this business.

There has been a growing awareness among the marketing cooperatives to go in for rubber-based industries. As a precursor to this, block rubber

factories, crepe mills, concentrated latex factories and rubber mixing mills are being established under the cooperative sector. These activities point to the shape of things to come.

Group action

The group consciousness evinced by the small growers of rubber in India to organize on cooperative lines and set healthy trends in managing the affairs of the planting community, could be cited as

an ideal case of group action for efficient exploitation of self-help. Developing countries which suffer from paucity of resources due to inherent impediments in their social systems have to depend largely on self-supporting ventures. To attain this goal the effective pooling and mobilization of individual resources can set the lead. The Rubber Growers' Cooperatives in India, judged from their progress against laid out programmes, could claim with pardonable pride to have made significant contribution to revitalize the Indian economy.

NEW OFFICE BEARERS OF THE NATIONAL COOPERATIVE LAND DEVELOPMENT BANKS FEDERATION

The Land Development Banks are the most important institutions in the country for providing long term developmental loans to the farmers. A sum of about Rs. 172 crores was disbursed as loan during 1974-75. In the Fourth Plan period, they advanced Rs. 780 crores and the programme for credit disbursement during the Fifth Plan is estimated to be of the order of Rs. 1,500 crores.

At a recent meeting of the Board of Management of the Federation held at Bhopal the under-mentioned office bearers were elected for a term of 3 years :

- | | |
|---|---------------------------------|
| 1. Shri B.S. Vishwanathan, M.L.C., President of the
Karnataka Land Development Bank (Re-elected) | Chairman |
| 2. Sarvashri Tarachand Agrawal and S.C. Neogy,
President of Madhya Pradesh and Chairman of the
West Bengal Land Development Banks respectively. | First & Second
Vice-Chairmen |
| 3. Shri S.A.H. Razvi, Managing Director of the
Andhra Pradesh Mortgage Bank. | Honorary
Secretary |

ALL INDIA FEDERATION OF COOPERATIVE SPINNING MILLS LTD., TO DIVERSIFY ACTIVITIES WITH NCDC'S ASSISTANCE

THE All India Federation of Cooperative Spinning Mills as the representative body of Cooperative Spinning Mills may during the remaining part of the Fifth Five Year Plan diversify and enlarge its activities and cover inter-alia, the following types of programmes :—

1. Maintaining expert technical staff with the object of :

- (a) rendering advice and other assistance to the member cooperatives for improving their operational efficiency;
- (b) assisting and advising the member cooperatives in standardising their accounting, book keeping and costing methods and practices; and
- (c) advising and assisting the member cooperatives in the selection of managerial/technical personnel.

2. Maintaining central cotton testing laboratory to be available to the members for analysing cotton as well as yarn samples with a view to improving the quality of their products.

3. Maintaining a pool of key personnel to be available to the member mills as per agreed scheme.

4. Developing a consultancy organisation and undertaking promotional work relating to the organisation and establishment of new mills and for the expansion of the existing units. This would include advice and assistance in the selection, purchase, installation and maintenance of plant and

machinery and other equipment as also assistance in securing necessary financial accommodation from the financing Corporations, banks and other such agencies.

5. Conducting and undertaking research, studies and investigation in the problems of the member cooperatives and undertaking staff development programmes.

6. Arranging periodical Conferences, Seminars, get-togethers, meetings for member cooperatives and performing spokesmanship functions.

7. Arranging for the production and publication of a journal on textiles and allied subjects and maintaining side by side a statistical cell for collecting statistics, data processing and publicity.

8. Undertaking activities on behalf of the member cooperatives for :

- (a) sale in India and abroad of products of member cooperatives;
- (b) purchase of raw materials, stores, spares etc.;
- (c) sale or utilisation of by-products of member cooperatives; and
- (d) enter into contracts for purchase of raw material, stores and supplies.

The National Cooperative Development Corporation is agreeable to finance through grants-in-aid a percentage of the expenditure incurred on the programmes approved by the Corporation on a

sliding scale as given below :—

1975-76	...	90 per cent
1976-77	...	80 per cent
1977-78	...	70 per cent
1978-79	...	70 per cent

Expenditure incurred on holding meetings, foreign travels, interest on loans, income tax and expenditure on schemes or projects being financed separately by the NCDC or by any other Government Department or Institution, will not be treated as admissible for grant-in-aid by the Corporation.

Federation shall forward to the Corporation an annual programme of its activities for approval of the NCDC, indicating clearly the programme to be undertaken, the administrative arrangements for implementation, the financial requirements and the results expected to be achieved.

After approval of the annual programme of activities by the NCDC, the Federation may incur expenditure on such activities subject to a ceiling of Rs. 4 lakhs per financial year. Moreover, the NCDC's grant shall not ordinarily exceed 75 per cent of the total expenditure on all items of the Federation.

FROM HERE AND THERE

ESTABLISHMENT OF A MEDIUM SIZED BAKERY IN UTTAR PRADESH

NCDC sanctioned a loan assistance of Rs. 9.72 lakhs to the State Government of Uttar Pradesh for setting up a medium sized bakery by the District Cooperative Federation Ltd. Tehri Gaharwal at Rishikesh.

ESTABLISHMENT OF THE CENTRAL TESTING LABORATORY IN MAHARASHTRA

NCDC sanctioned payment of the balance amount of Rs. 9.73 lakhs as grant to the All India Federation of Cooperative Spinning Mills Ltd., Bombay for the purpose of the establishment of the Central Testing Laboratory at Bombay. The Corporation has already rendered grant-in aid amounting to Rs. 9.45 lakhs to this laboratory.

ASSISTANCE TO FISHERIES COOPERATIVES

National Cooperative Development Corporation sanctioned loan assistance of Rs. 17.15 lakhs to the State Government of West Bengal representing

75 per cent of the total cost of Rs. 22.86 lakhs for the development of inland fisheries in the District of Nadia, West Bengal by the Nadia District Fishermen's Cooperative Federation Ltd.

ASSISTANCE TO SOLVENT EXTRACTION PLANTS

NCDC released financial assistance of Rs. 10.20 lakhs as way and means advance to the State Government of Orissa to enable it in setting up a salseed based solvent extraction plant by the Aska Central Multipurpose Cooperative Society Ltd., at Berhampur, District Ganjam. The total assistance given by the Corporation will be Rs. 40.80 lakhs.

NCDC sanctioned the balance amount of Rs. 1.63 lakhs to the Gujarat State Cooperative Bank Ltd., as loan towards reimbursement of the block loan assistance released by the Bank to the Shree Rajkot Lodhika Cooperative Purchase and Sale Union Ltd., for setting up a solvent extraction unit at Rajkot. Earlier the Corporation had rendered a financial assistance to the tune of Rs. 7.85 lakhs for this unit.

ESTABLISHMENT OF A GROUNDNUT OIL COMPLEX IN PUNJAB

National Cooperative Development Corporation sanctioned a loan assistance of Rs. 65 lakhs to the Punjab State Cooperative Bank Ltd., for the establishment of a groundnut oil complex based on 50 tonnes of groundnut, a solvent plant based on 50 tonnes of oil cake and a vegetable oil refinery unit of 10 tonnes per day of 24 hours capacity by the Punjab State Cooperative Supply and Marketing Federation Ltd., at Kapurthala.

MARGIN MONEY ASSISTANCE TO COOPERATIVE PROCESSING UNITS

NCDC sanctioned a loan of Rs. 1.80 lakhs to the Government of Orissa for providing the same to Kerdrapara Regional Cooperative Marketing Society in the form of share capital of margin money for raising working capital for its rice mill.

The Corporation also sanctioned a loan of Rs. 1.86 lakhs to the Government of Himachal Pradesh for assisting the Krishi Udyog Sahakari Sabha Ltd., Shamshi, District Kulu, for expansion and margin money assistance for their fruit processing unit.

ASSISTANCE TO AN ABSORBENT COTTON UNIT

NCDC sanctioned a loan assistance of Rs. 4 lakhs on reimbursement basis to the State Government of Karnataka for the establishment of an absorbent cotton manufacturing unit at Hulkoti by the Arogya Seva Sahakari Sangh Ltd., Taluka Gadag, District Bharwar.

MARGIN MONEY ASSISTANCE FOR DISTRIBUTION OF AGRICULTURAL INPUTS

NCDC sanctioned an amount of Rs. 22 lakhs as loan to the Government of Punjab to provide the same to the Punjab State Government Supply and Marketing Federation Ltd., towards margin money for procurement, stocking and distribution of fertilisers and other agricultural inputs during the year 1975-76.

The Corporation also provided margin money assistance of Rs. 20 lakhs, Rs. 7.50 lakhs, Rs. 7.24 lakhs, Rs. 5 lakhs and Rs. 4.72 lakhs to the State

Governments of West Bengal, Himachal Pradesh, Madhya Pradesh, Tamil Nadu and Kerala for undertaking distribution of fertiliser and other agricultural inputs by their respective Cooperative Marketing Federations during the current financial year.

ASSISTANCE FOR MILK FLUID PLANTS

NCDC sanctioned an additional loan of Rs. 20.85 lakhs for meeting the revised escalated block capital cost of Rs. 120 lakhs, required for establishment of a Fluid Milk Plant of 30,000-50,000 litres capacity per day by the Doaba Cooperative Milk Producers Union Ltd., at Jullundur.

The Corporation also sanctioned an amount of Rs. 15.83 lakhs as a loan to the State Government of Andhra Pradesh towards re-imbursement of the financial assistance released by the State Government for the establishment of a dairy unit at Visakhapatnam by the Marginal Farmers & Agricultural Labourers & Milk Producers' Cooperative Dairy Development Union Ltd., Visakhapatnam, Andhra Pradesh.

MARGIN MONEY ASSISTANCE FOR MARKETING AND DISTRIBUTION ACTIVITIES

National Cooperative Development Corporation sanctioned an additional amount of Rs. 15 and Rs. 10 lakhs to the State Governments of Uttar Pradesh and Himachal Pradesh as loan for providing the same as margin money assistance to their respective Federations for their marketing business, other than fertilisers and other inputs. The Corporation had already sanctioned and released Rs. 20 and Rs. 7.50 lakhs respectively to these Federations.

The Corporation also sanctioned an additional amount of Rs. 20 and Rs. 10 lakhs to the State Governments of Andhra Pradesh and Madhya Pradesh for their respective Federations for the same purpose.

FINANCIAL ASSISTANCE FOR DEVELOPMENT OF COOPERATIVE MARKETING IN COOPERATIVELY UNDER-DEVELOPED STATES AND UNION TERRITORIES

NCDC released a loan assistance amounting to Rs. 10 lakhs to the Government of West Bengal, by

way of reimbursement, against the share capital contribution of Rs. 10 lakhs made by the State Government to the West Bengal State Cooperative Marketing Federation Limited Calcutta for being used as margin money for raising working capital from cooperative commercial banks for undertaking jute procurement operations.

JUTE BALING PRESSES IN WEST BENGAL

NCDC sanctioned an amount of Rs. 2.88 lakhs as loan and subsidy amounting to Rs. 0.58 lakhs to the State Government of West Bengal for assisting Dhupguri Large sized, Udaynaranpur Thana Large sized Primary and Daspur Block I Cooperative Agricultural Societies for setting up Jute Baling Units and Transit godowns at Dhupguri, Howrah and Sekandari respectively.

ANOTHER COOPERATIVE SUGAR FACTORY COMMISSIONED

The Vinayak Sahakari Sakhar Karkhana Ltd., Parsoda, District Aurangabad, Maharashtra commenced its crushing operations for the first time on December 12, 1975. With this, the number of cooperative sugar factories in production has increased to 101 in the country and 45 in Maharashtra.

SHARE CAPITAL CONTRIBUTION OF COOPERATIVE SUGAR FACTORIES

NCDC sanctioned the balance amount of Rs. 27.63 lakhs to the Government of Madhya Pradesh towards share capital contribution to three Cooperative Sugar Factories namely Shiddheshwar, Vinayak and Kannad Sahakari Sakhar Karkhana Ltd. The Corporation also reimbursed an amount of Rs. 32.55 lakhs to the Government of Madhya Pradesh for assisting the Morena Mandal Sahakari Sakhar Karkhana Ltd., Kailaras.

NCDC sanctioned Rs. 78 lakhs to the State Government of Uttar Pradesh for participating in the share capital of the Kisan Sahakari Chini Mills Ltd., Budaun. The Corporation has already released Rs. 47.20 lakhs as the first instalment to this factory.

The Corporation released the first instalment of Rs. 97 lakhs to the Government of Tamil Nadu for participation in the share capital contribution

of the Tirupattur and Yellore Cooperative Sugar Mills against its total assistance of Rs. 113.76 lakhs.

The Corporation also provided an amount of Rs. 20 lakhs and Rs. 14.05 lakhs to the State Governments of Orissa and Maharashtra for the above mentioned purpose to their respective Cooperative Sugar Factories.

COOPERATIVE SUGAR FACTORIES FORGE AHEAD IN HARYANA

The Coop. Sugar Factories in Haryana located at Panipat and Rohtak have made a record production of sugar of 0.21 lakh tonne and 0.22 lakh tonne respectively during the last season. Percentage of their recovery has also been highest i.e. 9.32 and 10.35 respectively as compared to their previous 5 years average recovery of 9% and 9.10%. They have repaid all the term loans of IFCI according to the schedule. They have also been successful in generating internal resources. In both these cases the internal resources have been accumulated of the order Rs. 424.83 lakhs as against gross value of assets and state Government's share capital contribution amounting to Rs. 371.13 lakhs only. The Panipat Cooperative Sugar Mills has already set up a distillery, mainly out of its own resources. These mills have also obtained licences for expanding their crushing capacities to meet the major part of cost out of their own resources.

These factories have been providing bonus to their workers and dividend to their share holders. An amount of Rs. 8.06 lakhs was provided by way of bonus for the year 1973-74 and dividend on share capital of Rs. 21.56 lakhs for the year 1973-74. They have also paid income tax of Rs. 25.32 lakhs for the year 1973-74.

HOUSE LOANS TO COOPERATIVES OF WEAKER SECTIONS

Bhatinda is the first district in Punjab to introduce housing loans to cooperative societies of weaker sections. Twenty such societies have been registered so far and a loan of Rs. 4 lakhs has been sanctioned.

Under this scheme 27,206 homeless persons have

been given plots of land. The members of homeless people's cooperative societies will be advanced Rs. 4,000 as loan at 4.5 per cent interest which will be released in 20 yearly instalments. The Punjab Scheduled Castes Finance Corporation has also agreed to advance Rs. 4 lakhs for housing purposes. Under this scheme a sum of Rs. 1,000 will be given as interest-free loan and Rs. 350 as aid from district Red Cross Funds. The owner will be required to spend Rs. 450 from his own pocket.

PLAN TO SET UP 200 COOPERATIVES

The Delhi Administration has finalised plans to achieve a target of setting up 200 cooperative societies in the Union Territory.

Five cooperative societies for the manufacture of

soaps and two for bakery goods have been formed in the rural areas. Besides, seven societies of employed engineers have also been formed.

The Delhi State Cooperative Bank too is being streamlined. The bank already has two branches, one in the Cantonment area and the other in Nangloi, to meet the needs of the cooperative societies in these areas.

Apart from the cooperative societies, the Marketing and Supply Federation in Nangloi has been revived. It has so far sold fertilisers worth Rs. 35.84 lakhs, earning a gross profit of over Rs. 10 lakhs. The federation will soon open sub-offices in the bigger villages, in different blocks, to help the farmers meet their requirements of manure and other inputs.

We have just enough religion to make us hate but not enough
to make us love one another.

Jonathan Swift



Shri A. C. George, Union Minister of State for Industry & Civil Supplies at one of the plants of the Meenachil Rubber Marketing and Processing Cooperative Society Ltd.

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Smiles from Assam

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